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FOR UPSC CIVIL SERVICE EXAMINATION

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1. COP31 Climate Summit: Prospects and Global Challenges

Key Highlights

- The 31st Conference of the Parties (COP31) is scheduled for November 9-20 in Antalya, Türkiye, operating under formal negotiations and voluntary host initiatives.
- Central agenda items feature the mobilization of $1.3 trillion in annual climate finance for developing nations, climate adaptation support, and fossil fuel phase discussions.
- India's strategic position emphasizes holding developed nations accountable for climate finance, adaptation support, and technology transfer while opposing unilateral trade measures like carbon border taxes.

Background

- The summit coincides with an intensifying El Niño phase, which heightens severe weather risks and brings urgency to global climate mitigation and resilience frameworks.
- Projections from the UN Emissions Gap Report 2026 indicate that limiting global warming to 1.5 degrees Celsius is increasingly challenging, with mid-century warming expected to peak between 1.7 and 1.8 degrees Celsius.

Essential Definitions

- Climate Finance: Local, national, or transnational financing drawn from public, private, and alternative sources to support mitigation and adaptation actions addressing climate change.
- Carbon Border Adjustment Mechanism: A climate policy tool designed to put a fair price on carbon emitted during the production of carbon-intensive goods entering a customs union or country.

Legal and Constitutional Framework

- Article 21 of the Constitution of India implicitly guarantees the right to a clean and healthy environment as a core component of the right to life and personal liberty.
- Directive Principles of State Policy under Article 48A mandate the State to protect and improve the environment and safeguard forests and wildlife across the country.
- Fundamental Duties under Article 51A(g) impose a legal responsibility on every Indian citizen to protect and improve the natural environment, including forests, lakes, rivers, and wildlife.
- International treaty obligations under the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement guide India's domestic climate laws and updated nationally determined contributions.

Impact & Measures

- Developing economies face severe financial hurdles in balancing rapid industrial growth with mandatory greenhouse gas emission reductions.
- Unilateral carbon border taxes impose trade disadvantages on developing nation exports like steel, straining global trade dynamics.
- India's updated climate targets include reducing gross domestic product emissions intensity by 47% from 2005 levels and achieving 60% non-fossil installed power capacity.

Conclusion

COP31 serves as a crucial diplomatic battleground for balancing equitable climate financing, binding emission reductions, and adaptation support for vulnerable states. Addressing structural gaps requires developed economies to fulfill historical responsibilities without shifting disproportionate burdens onto emerging markets.

UPSC Relevance

This topic is highly relevant for UPSC Civil Services Examination under General Studies Paper III (Environment, Conservation, Environmental Pollution & Degradation, Environmental Impact Assessment) and General Studies Paper II (International Relations, Bilateral, Regional and Global Groupings and Agreements involving India).

2. India Steps Up Crude Buys from Gulf, Russia

UPSC Relevance: GS-III (Energy Security); GS-II (Global Geopolitics and Foreign Policy).

Context or why in news: India's crude oil imports surged to a record 5.6 million barrels per day in October. Domestic refiners scaled up purchases from the Middle East and Russia to optimize landed costs amidst global geopolitical supply volatility.

Key Highlights: Overall Imports: Indian refiners stepped up imports to an all-time high of 5.6 mbpd in October to meet growing energy demand.

- Supply Shares: Middle Eastern crude shipments rose to 2.3 mbpd, while Russian crude imports maintained a robust flow at around 2 mbpd.
- Tactical STS Transfers: Increased reliance on ship-to-ship (STS) transfers aided crude movement through the Strait of Hormuz, easing Gulf sourcing.
- Strategic Diversification: India imports nearly 90% of its crude oil requirements, making landed prices and commercial considerations central to its procurement choices.
- Regulatory Relief: US presidential waivers on secondary sanctions under the Graham Act eased fears among Indian buyers regarding Russian energy transactions.
- Dynamic Market Competition: Middle East suppliers offered competitive pricing to reclaim market share, countering fluctuating freight costs on Russian Black Sea routes.

Essential Definitions

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- Ship-to-Ship (STS) Transfer: Transshipment of liquid cargo between sea-going vessels positioned alongside each other at sea.
- Landed Cost: Total cost of a commodity including purchase price, freight, insurance, and handling duties at destination.

Legal and Constitutional Framework

- Article 297: Vests natural resources within India's territorial waters, continental shelf, and Exclusive Economic Zone (EEZ) in the Union.
- Petroleum and Natural Gas Rules, 1959: Regulates energy exploration, import processing, and supply infrastructure under federal oversight.
- Territorial Waters, Continental Shelf, EEZ and Other Maritime Zones Act, 1976: Establishes national jurisdiction over offshore transit routes and economic resources.

- Strategic Petroleum Reserves Program: Managed by Indian Strategic Petroleum Reserves Limited (ISPRL) under statutory guidelines to cushion global supply shocks.

Impact & Measures

- Supply Security: Multi-regional sourcing protects Indian domestic energy markets from localized regional crises and transit bottlenecks.
- Economic Optimization: Competitive pricing and variable discounts reduce refinery input costs, curbing consumer retail fuel inflation.
- Bilateral Diplomacy: Dual-track sourcing requires continuous diplomatic navigation between Western secondary sanction regimes and strategic partner agreements.

Conclusion: India's strategic diversification of crude oil procurement balances energy security, price affordability, and geopolitical neutrality. Maintaining tactical flexibility between Gulf and Russian markets ensures domestic resilience against external supply chain shocks.

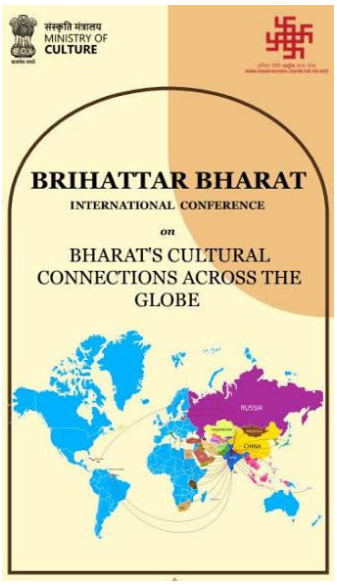
3. Multinational UNESCO Nominations and Soft Power Diplomacy: Chhath Mahaparv, Project Mausam, and Project Brihattar Bharat

UPSC Relevance: GS Paper I (Indian Culture, Salient Aspects of Art Forms & Literature) and **GS Paper II** (Bilateral Relations, Soft Power Diplomacy & International Institutions).

Why in News

- India has partnered with Mauritius for a joint multinational nomination to list **Chhath Mahaparv** on the UNESCO Intangible Cultural Heritage (ICH) Representative List.
- The Centre is expanding global cultural diplomacy by pursuing shared UNESCO nominations under **Project Mausam** and **Project Brihattar Bharat** (e.g., shadow puppetry, batik textiles, and manuscript traditions across Asia).

Background



- **Chhath Mahaparv**: An ancient Vedic festival dedicated to Surya (Sun God) and Chhathi Maiya, celebrated predominantly in Eastern India and among the Indian diaspora across *Girmitiya* countries like Mauritius, Suriname, Fiji, and Guyana.
- **Project Mausam**: Launched in 2014 by the Ministry of Culture, implemented by the Indira Gandhi National Centre for the Arts (IGNCA) and Archaeological Survey of India (ASI) to reconnect Indian Ocean countries along ancient maritime trade routes.
- **Project Brihattar Bharat**: A flagship initiative (2026–2031) administered by IGNCA to document, preserve, and showcase historical, spiritual, and architectural links across Southeast Asia and the diaspora.

Impact & Measures

Key Implications & Benefits

- **Soft Power Projection**: Elevates India's status as a *Vishwa Bandhu* (global friend) through shared civilizational heritage.

- **Diaspora Engagement**: Reinforces identity and cultural links among Indian indentured laborer descendants in *Girmitiya* nations.
- **Transnational Conservation**: Facilitates collaborative restoration of historical sites across Myanmar, Indonesia, Cambodia, and Vietnam by ASI.

Challenges & Strategic Initiatives

- **Complex Coordination**: Managing multi-country UNESCO files requires aligned documentation and diplomatic consensus.
- **Institutional Support**: IGNCA and ASI are digitizing manuscript traditions and expanding academic research networks across Asia.

Essential Definitions

- **Intangible Cultural Heritage (ICH)**: Traditions, oral expressions, performing arts, social practices, rituals, and festive events recognized by UNESCO for community identity.
- **Girmitiya Countries**: Nations where Indian indentured laborers were brought under the *Girmit* system in the 19th and early 20th centuries.

Legal and Constitutional Framework

- **Article 51(c)**: Directive Principles encouraging respect for international law and treaty obligations.
- **Article 51A(f)**: Fundamental Duty to value and preserve the rich heritage of India's composite culture.
- **UNESCO 2003 Convention**: International Convention for the Safeguarding of the Intangible Cultural Heritage (ratified by India in 2005).

Conclusion

Joint UNESCO nominations bridge historical maritime routes and living diaspora traditions. Leveraging schemes like Project Mausam and Brihattar Bharat successfully integrates cultural heritage into modern Indian foreign policy and global cultural diplomacy.

4. High-Powered Task Force on Examination Reforms: Extension of Nandan Nilekani Panel

UPSC Relevance: GS Paper II (Governance, Statutory and Non-Statutory Bodies, Issues Relating to Education and Public Service Integrity).

Why in News

- The Union Government has extended the tenure of the **Nandan Nilekani-led High-Powered Task Force** on examination reforms to **January 2027**.
- The Centre submitted an affidavit to the **Supreme Court** outlining the progress made by the six-member panel after receiving over **50,000 public suggestions**.

Background

- **Genesis**: Constituted in July following widespread public outrage and paper leak controversies in major competitive tests such as NEET-UG.

- **Predecessor Initiatives**: Builds upon the **K. Radhakrishnan Committee** (June 2024), which submitted recommendations on structural reforms for the National Testing Agency (NTA).
- **Composition**: Includes experts such as S. Somanath (former ISRO Chairman), Tapan Deka (former IB Director), and V. Kamakoti (Director, IIT Madras).

Impact & Measures

Key Implications & Benefits

- **Technology-Driven Integrity**: Proposes secure digital question vaults, encrypted digital question paper transmission, and AI-assisted item banking to mitigate paper leaks.
- **Systemic Transition**: Facilitates shifting major national entrance exams (such as NEET) to a **Computer-Based Test (CBT)** or hybrid format from 2027.
- **Institutional Memory**: Institutionalizes a permanent cadre within testing agencies to replace reliance on deputationists.

Challenges & Strategic Initiatives

- **Logistics & Infrastructure**: Standardizing secure digital infrastructure and high-speed connectivity across remote rural centers.
- **Cybersecurity Protocols**: Protecting sovereign testing databases against targeted cyber threats, ransomware, and digital tampering.

Essential Definitions

- **Computer-Based Testing (CBT)**: An assessment mode delivered via computer terminals instead of traditional paper-and-pen formats to eliminate physical security risks.
- **Digital Question Vault**: Encrypted repositories storing verified questions, decrypted via secure keys at test centers moments before commencement.

Legal and Constitutional Framework

- **The Public Examinations (Prevention of Unfair Means) Act, 2024**: Provides stringent criminal penalties and fines for paper leaks, impersonation, and exam malpractices.
- **Article 14**: Guarantees equal opportunity, fairness, and non-arbitrariness in public recruitment and entrance examinations.
- **Judicial Oversight**: Ongoing Supreme Court proceedings monitoring structural, technological, and institutional reforms within national testing bodies.

Conclusion

Extending the Nandan Nilekani Task Force timeline ensures thorough stakeholder consultation and robust technical design. Transitioning to secure, technology-backed examination architectures is vital to rebuilding institutional credibility and safeguarding meritocracy.

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5. Socio-Economic Transformation and Security Paradigm in Chhattisgarh: Transition from Left-Wing Extremism (LWE) to Investment Hub

UPSC Relevance: GS Paper III (Internal Security, Linkages between Development and Extremism) and **GS Paper II** (Government Policies and Interventions for Development).

Why in News

- Union Minister Mansukh Mandaviya inaugurated **Rajyotsav-2026** (Chhattisgarh's 26th State Foundation Day celebrations) in Nava Raipur.
- Highlights included Chhattisgarh's rapid transformation from a Left-Wing Extremism (LWE)-affected region into an attractive destination for domestic and multinational investment, tourism, and sports development.

Background



- **State Formation**: Chhattisgarh was carved out of Madhya Pradesh on **November 1, 2000**, under the **Madhya Pradesh Reorganisation Act, 2000**, to fulfill regional development aspirations and protect tribal heritage.
- **Historical Conflict**: Decades of Naxal-Maoist violence hampered infrastructure, human capital development, and economic activities in the Bastar region.
- **Security & Integrated Development**: The Centre and State deployed a dual strategy combining security operations with welfare initiatives (e.g., *Niyad Nellanar* scheme, road connectivity projects, and *Bastar Olympics*) to integrate tribal youth into the social mainstream.

Impact & Measures

Key Implications & Benefits

- **Economic Diversification**: Enhanced internal security is driving investment in manufacturing, green energy, and eco-tourism.
- **Youth Empowerment**: Initiatives like the *Bastar Olympics* foster sports excellence, national integration, and talent identification among tribal youth.
- **Invasive Conflict Reduction**: Decline in LWE influence facilitates the expansion of healthcare, education, digital connectivity, and physical infrastructure across former conflict zones.

Challenges & Strategic Initiatives

- **Sustainable Inclusion**: Ensuring equitable growth for indigenous Adivasi communities while safeguarding forest rights and environmental balance.
- **Rehabilitation & Mainstreaming**: Sustaining long-term surrender, security, and vocational rehabilitation policies for former insurgents.

Essential Definitions

- **Left-Wing Extremism (LWE)**: An ideological insurgency using violence against state institutions to establish communist regimes, historically impacting the Red Corridor.

- **Double-Engine Governance**: Coordinated policy execution between central and state governments to accelerate infrastructure development and socio-economic delivery.

Legal and Constitutional Framework

- **Article 244 (Fifth Schedule)**: Special administrative provisions for scheduled areas protecting tribal land rights and self-governance.
- **Unlawful Activities (Prevention) Act (UAPA), 1967**: Primary legal mechanism utilized to combat outlawed extremist groups.
- **Panchayats (Extension to Scheduled Areas) Act (PESA), 1996**: Empowers Gram Sabhas in tribal areas to manage local resources and uphold customary rights.

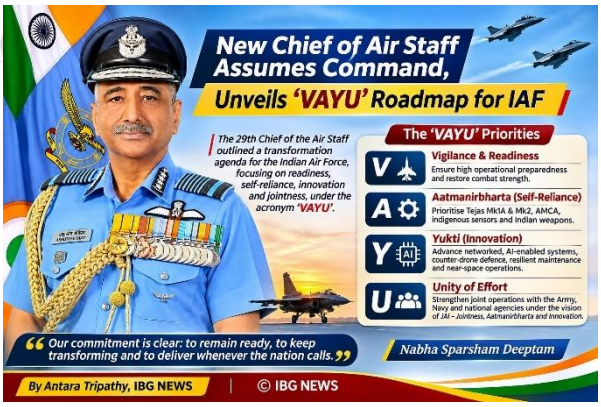
Conclusion

The transformation of Chhattisgarh illustrates how proactive security management paired with inclusive development can resolve internal security threats. Expanding local industrial infrastructure and social development models remains central to achieving the vision of *Viksit Bharat@2047*.

6. IAF Chief Unveils 'VAYU' Strategic Vision to Strengthen Force Readiness and Modernization

Key Highlights

- **New Leadership**: Air Chief Marshal Ashutosh Dixit assumed charge as the 29th Chief of the Air Staff of the Indian Air Force (IAF) on October 31, 2026, succeeding Air Chief Marshal A.P. Singh.
- **Strategic Roadmap**: The IAF Chief outlined the comprehensive **'VAYU'** framework to guide force modernization, operational readiness, and indigenous technological capabilities.
- **Addressing Fighter Depletion**: A primary operational objective is restoring the IAF's sanctioned combat strength of 42 fighter squadrons, given the current operational drop to approximately 29 squadrons due to older fleet retirements (e.g., MiG-21s).
- **Pillars of VAYU**:
    - **V – Vigilance and Readiness**: Ensuring squadrons, air defense units, and radar networks are operational to respond at a moment's notice.
    - **A – Aatmanirbharta (Self-Reliance)**: Prioritizing indigenous platforms such as LCA Tejas (Mk1 & Mk1A) and the 5th-generation Advanced Medium Combat Aircraft (AMCA), alongside Indian sensors and weapons.
    - **Y – Yukti (Ingenuity)**: Driving operational innovations in AI-enabled command systems, layered counter-drone defenses, network-centric operations, and operationalizing near-space.
    - **U – Unity of Effort**: Aligning with the **JAI** framework (Jointness, Aatmanirbharta, and Innovation) to integrate air power with the Army, Navy, and security agencies from the outset.



Essential Definitions

- **Jointness (Tri-Services Synergy)**: The operational integration and unified strategic planning among the Army, Navy, and Air Force to maximize combat efficacy.
- **Near-Space Domain**: The atmospheric region between 20 km and 100 km above sea level, increasingly utilized for advanced surveillance, high-altitude platform systems, and strategic deterrence.

Legal and Constitutional Framework

- **Article 53(2)**: Vests the Supreme Command of the Defence Forces of the Union in the President of India.
- **The Air Force Act, 1950**: Governs the administration, discipline, command, and operational cadre of the Indian Air Force personnel.
- **Inter-Services Organisations (Command, Control and Discipline) Act, 2023**: Empowers Commanders-in-Chief of joint theaters to exercise administrative and disciplinary control across personnel of all three service arms.

Impact & Measures

- **Enhanced Strategic Deterrence**: Rebuilding combat squadron density deters multi-front security threats along contested borders.
- **Defense Industrial Ecosystem**: Prioritizing domestic defense platforms accelerates tech transfers, boosts MSMEs, and reduces foreign defense import dependencies.
- **Implementation Challenges**: Key operational hurdles include mitigating delays in indigenous aircraft production schedules (LCA Tejas Mk1A deliveries) and securing necessary defense capital expenditure allocations.

Conclusion

The 'VAYU' vision provides a clear, actionable roadmap for transforming the IAF into a modern, joint, and self-reliant air force. Integrating cutting-edge technologies like AI and counter-drone mechanisms while scaling up indigenous fighter strength ensures long-term national security and sovereign air dominance.

UPSC Relevance

GS Paper III (Security Challenges & Management in Border Areas, Indigenization of Technology, Internal & External Security Threats) and **GS Paper II** (Structure, Organization, and Functioning of the Executive).

7. Energy Security, Industrial Decarbonisation, and Standards & Labelling for Heat Pumps and Induction Cooktops

UPSC Relevance: GS Paper III: Infrastructure (Energy), Conservation, Environmental Pollution & Degradation, Industrial Growth, and Energy Security.

Why in News

Global supply disruptions in the Strait of Hormuz highlight India's reliance on LPG imports (60%), emphasizing the urgent need to accelerate electrification in industrial heating and residential kitchens.

Background

- **Energy Transition Context:** As per NITI Aayog's *Scenarios Towards Viksit Bharat and Net Zero*, electricity's share in final energy must increase from 21% (2025) to 60% by 2070, reducing fuel import bills from ~4% of GDP to 0.2%.
- **Industrial Sector Share:** Indian factories consume nearly half of national energy, primarily relying on coal, oil, and gas, while electricity satisfies only about 25% of industry energy demand (compared to ~50% in China).
- **Kitchen Electrification:** Only 4% of Indian households currently own an induction cooktop, leaving high dependence on imported LPG.



Impact & Measures

- **Key Implications:**
  - **Decarbonisation & Competitiveness:** Electrifying industrial heat helps exporters comply with international regulations like the EU's Carbon Border Adjustment Mechanism (CBAM).
  - **Efficiency Gains:** Heat pumps deliver 2.5–4 units of heat per unit of electricity, whereas electric boilers deliver at most 1 unit.
- **Major Challenges:**
  - High upfront equipment costs, low industrial power tariffs versus cheap fossil fuels, and lack of buyer confidence in efficiency claims due to reliance on foreign standards (US, EU, China).
  - Import dependence (~90% of heat pumps in India are imported from China).
- **Government Initiatives & Solutions:**
  - Bureau of Energy Efficiency (BEE) Standards and Labelling (S&L) programme for heat pumps backed by Bureau of Indian Standards (BIS) certification.
  - Implementation of mandatory star labelling for induction cooktops to prevent substandard imports.

Essential Definitions

- **Heat Pump:** A thermodynamic device that absorbs heat from air, water, or waste streams and transfers it to another medium, delivering multiple units of heat energy per unit of electricity consumed.
- **Carbon Border Adjustment Mechanism (CBAM):** A tariff imposed by the European Union on carbon-intensive imported products to ensure a fair playing field for domestic green industries.

Legal and Constitutional Framework

- **Energy Conservation Act, 2001 (Amended 2022):** Empowers the Central Government and BEE to prescribe energy consumption standards, star-labelling schemes, and carbon credit trading frameworks.

- **Article 48A:** Directs the State to protect and improve the environment.
- **Article 51A(g):** Imposes a fundamental duty on citizens to protect and improve the natural environment.

Conclusion

Achieving true energy independence requires strategic electrification alongside robust domestic standards and quality control. Framing domestic standards via BEE and BIS will enhance consumer trust, lower energy bills for MSMEs, and foster self-reliant green manufacturing in India.

8. Draft National Steel Policy: Vision 2047 – Shifting from Protection to Global Competitiveness

UPSC Relevance: GS Paper III: Indian Economy and issues relating to planning, mobilization of resources, growth, development, and industrial policy.

Why in News: The Ministry of Steel released the Draft National Steel Policy: Vision 2047, targeting global competitiveness and increasing steel exports to 45 million tonnes (Mt).

Background

- **Growth Trajectory:** India's share in global steel production expanded from under 5% in 2000 (9th globally) to become the 2nd largest producer at 170 Mt, though still trailing China (961 Mt).
- **High Domestic Profitability:** Average EBITDA/Revenue of top Indian steel firms stood around 15% (2000–25), 3–4% higher than global peers, largely driven by protectionist measures.
- **Protectionist Regime:** Domestic steel is shielded by a 7.5% import duty, an 11.5% safeguard duty (totaling ~18% duty rate vs. 3–4% in ASEAN), a 30% export duty on iron ore (>58% Fe content), and non-tariff barriers via Quality Control Orders (QCOs) on 228 steel products.

Impact & Measures



- **Major Implications & Challenges:**
    - Protectionism inflates domestic steel prices (hot-rolled coils sell at a 6–7% premium), burdening downstream sectors like construction (steel = ~15% of cost), automotive (steel = ~5% of raw materials), and MSME capital goods.
    - High iron ore export duties underpay domestic mineral wealth and disincentivize mining exploration, leaving only 10% of India's geological potential explored.
    - Public sector inefficiency remains noticeable; SAIL's market share dropped from 30% to 10% (2000–2025), whereas JSW's rose from 1% to 12%.
- **Government Initiatives & Proposed Solutions:**
    - **Tariff & Non-Tariff Rationalisation:** Gradually reduce steel import tariffs over 5 years to ASEAN levels (~3–4%) and implement the Gauba Committee recommendations to dismantle unnecessary QCOs.

- **Mining Reforms:** Abolish the 30% iron ore export duty to align domestic prices with global benchmarks and reform mineral allocation policies to incentivize private exploration.
- **PSU Disinvestment:** Consider strategic privatisation of select public sector plants to boost operational efficiency.

Essential Definitions

- **Quality Control Orders (QCOs):** Mandatory regulatory standards issued by the government to restrict imports of non-compliant foreign products.
- **Safeguard Duty:** An emergency tariff applied on imports to protect domestic industries from sudden surges of cheap foreign products.

Legal and Constitutional Framework

- **Mines and Minerals (Development and Regulation) Act, 1957 (Amended 2023):** Regulates the mining sector, mineral concessions, and exploration reforms.
- **Customs Act, 1962:** Provides the framework for imposing import tariffs, safeguard duties, and export duties on minerals and steel products.

Conclusion

To achieve Vision 2047, India's steel sector must transition from tariff-backed protectionism to genuine cost efficiency and global competitiveness. Phasing out market distortions will empower downstream manufacturing, boost mineral exploration, and build a self-sustaining industrial economy.

9. GST Revenue Growth Trends and Decrimimalisation Reforms

UPSC Relevance: GS Paper III: Indian Economy, Mobilisation of Resources, Fiscal Policy, Taxation Reforms, and Ease of Doing Business.

Why in News: Gross Goods and Services Tax (GST) collections reached a six-month high of Rs 2.31 lakh crore in October, growing at 22.9% year-on-year—the fastest pace in over four years—driven by festive demand, import revenues, and trust-based enforcement reforms.

Background

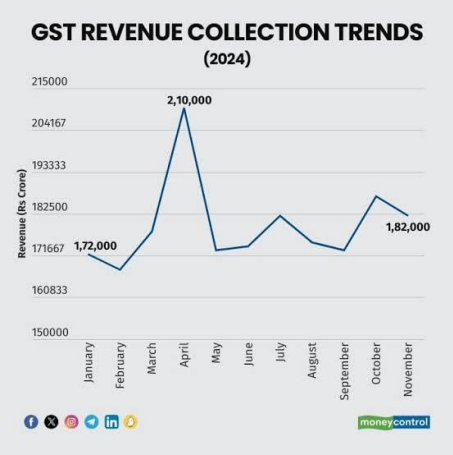
- **GST Architecture:** Introduced in 2017 to replace a web of indirect taxes with a unified destination-based tax system.
- **Collection Trend:** October recorded the fourth consecutive month of GST collections exceeding Rs 2 lakh crore, bringing the cumulative gross mop-up for the fiscal year to Rs 14.78 lakh crore.
- **Revenue Breakdown:** Domestic GST revenue grew 15.8% (Rs 1.59 lakh crore), comprising CGST (Rs 42,935 crore), SGST (Rs 51,340 crore), and IGST (Rs 64,769 crore), while import GST jumped 42.2% (Rs 72,246 crore).

Impact & Measures

- **Key Implications:**
  - **Economic Health:** Robust domestic collections signal resilient underlying consumption and heightened manufacturing activities.

- **Fiscal Space:** Enhanced revenue buoying Centre-State finances creates additional headroom for public development expenditure.

- **Challenges:**
  - **Divergence Across States:** Skewed growth rates across states (e.g., strong growth in Rajasthan/UP vs. 3% in Tamil Nadu) reflect regional manufacturing and consumption disparities.
  - **Import Dependence:** High reliance on import-linked growth highlights the urgency of strengthening domestic production capabilities.



- **Government Initiatives & Solutions:**
  - **Decriminalisation of Offences:** GST Council's consensus-based measures to rationalise enforcement powers and decriminalise minor infractions mark a shift toward trust-based governance.
  - **Automated Refund Processing:** Ensuring fast-tracked legitimate refunds while guarding against tax evasion.

Essential Definitions

- **Integrated GST (IGST):** A tax levied on inter-state supply of goods and services as well as imports, collected by the Centre and shared with states.
- **Decriminalisation of Tax Offences:** The policy shift of replacing criminal prosecution (imprisonment) for minor or procedural tax violations with civil monetary penalties.

Legal and Constitutional Framework

- **101st Constitutional Amendment Act, 2016:** Introduced the GST regime in India.
- **Article 279A:** Provides for the constitution of the GST Council, a joint forum of the Centre and States driving consensus-based tax governance.
- **Central Goods and Services Tax (CGST) Act, 2017:** Governs the levy, enforcement, and penal provisions of Central GST.

Conclusion

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The surge in GST collections combined with structural decriminalisation reflects a maturing indirect tax regime. Sustaining this momentum requires boosting domestic manufacturing, addressing regional growth variations, and preserving federal consensus within the GST Council.

10. Rethinking Plurilateral Pacts, RCEP Re-engagement, and Global Supply Chain Integration

UPSC Relevance: GS Paper II & III: Bilateral, regional and global groupings; India's trade policy, effects of globalisation, and industrial competitiveness.

Why in News

Speaking at the Kautilya Economic Conclave, former Reserve Bank of New Zealand Governor Allan Bollard suggested India proactively propose plurilateral trade pacts at the WTO, reconsider its stance on RCEP, and integrate into Chinese supply chains to enhance competitiveness.

Background

- **Global Economic Rupture:** Intensifying US-China trade tensions, rising economic nationalism, and weaponisation of trade have disrupted global supply chains and strained multilateral bodies like the WTO.
- **India's Trade Stance:** India opted out of the Regional Comprehensive Economic Partnership (RCEP) in 2019 over concerns regarding surging imports, massive trade deficits (particularly with China), and inadequate safeguard mechanisms.
- **Shift to Bilateral FTAs:** India has pivoted toward signing bilateral Free Trade Agreements (FTAs) with partners like the UAE, Australia, and the EFTA, while remaining cautious about mega-regional plurilateral frameworks.



Impact & Measures

- **Major Implications & Challenges:**
  - **Export Competitiveness:** Complete decoupling from East Asian and Chinese supply chains limits domestic manufacturing efficiency and access to intermediate components.
  - **Stalled Multilateralism:** Paralysis at the WTO highlights the necessity of participating in flexible plurilateral or regional trade frameworks to avoid economic isolation.
  - **Downstream Job & Market Risks:** Concerns over cheap Chinese overcapacity and potential blue-collar job losses remain significant barriers to joining mega-pacts.
- **Recommended Measures:**
  - **Strategic Re-evaluation:** Re-assess participation in mega-regional trade agreements like RCEP, leveraging its realistic market access thresholds compared to stricter frameworks like CPTPP.
  - **Proactive WTO Leadership:** Lead plurilateral initiatives at the WTO that align with developing nations' interests while addressing non-tariff barriers.

Essential Definitions

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- **Plurilateral Trade Agreement:** A trade pact among a subset of WTO member countries focused on specific sectors or rules, binding only the participating signatories.
- **Regional Comprehensive Economic Partnership (RCEP):** A major free trade agreement comprising 15 Asia-Pacific nations, aimed at reducing tariffs and streamlining rules of origin across member states.

Legal and Constitutional Framework

- **Article 253:** Grants Parliament the exclusive power to enact laws implementing international treaties, agreements, or conventions.
- **Foreign Trade (Development and Regulation) Act, 1992:** Provides the statutory framework for formulating and implementing India's Foreign Trade Policy.

Conclusion

To navigate global economic fragmentations, India must strike a balance between domestic industrial safeguards and strategic trade integration. Active engagement in plurilateral dialogues and pragmatically integrating into global supply chains will be crucial for sustaining long-term export growth and industrial competitiveness.

11. Constitution of National Social Security Boards for Unorganised and Gig Workers

UPSC Relevance: GS Paper II & III: Welfare schemes for vulnerable sections, Government policies and interventions, and employment-related Issues in the informal economy.

Why in News

The Union Ministry of Labour and Employment constituted two key bodies under the Code on Social Security: a 40-member board for unorganised workers and a 22-member board dedicated specifically to gig and platform workers.

Background

- **Institutional Shift:** India's vast informal workforce has long lacked comprehensive safety nets. The Code on Social Security consolidated nine central labor enactments into a unified framework to extend social protections across formal and informal sectors.
- **Statutory Recognition:** The code formally defined gig and platform workers for the first time, establishing dedicated registration mechanisms, social security funds, and advisory welfare bodies.

Impact & Measures

- **Key Implications:**
    - **Welfare Coverage:** Facilitates structured schemes addressing health, maternity, disability, life insurance, creche facilities, and old-age security for non-formal workers.
    - **Aggregator Responsibility:** Mandates digital platforms and aggregators to contribute 1–2% of their annual turnover towards the welfare pool, capped at 5% of total worker payouts.
    - **Broader EPFO Reach:** EPF norms now apply to any establishment with 20 or more workers, removing previous schedule-based industry limitations.
- **Challenges & Initiatives:**
    - Monitoring decentralized workers across diverse platforms requires seamless coordination between central boards, state agencies, and digital operators.
    - The boards, chaired by the Union Labour Minister, are tasked with meeting regularly to oversee fund accounts, monitor implementation, and advise on policy administration.



Essential Definitions

- **Gig Worker:** A person who performs work or participates in a work arrangement and earns from such activities outside of traditional employer-employee relationships.
- **Platform Work:** A work arrangement outside traditional employment where organizations or individuals use an online platform to access software or provide specific services.

Legal and Constitutional Framework

- **Code on Social Security, 2020:** Legally empowers the government to establish welfare boards and mandate social security funds for gig and informal workers.
- **Article 39(e) & (f):** Directive Principles directing the State to safeguard the health and strength of workers and ensure opportunities for human development.
- **Article 41:** Mandates the State to make effective provision for securing the right to work, education, and public assistance in cases of unemployment or old age.

Conclusion

The operationalisation of the National Social Security Boards marks a crucial step toward institutionalising social protection for India's growing digital and unorganised workforce. Ensuring transparent fund utilization and effective inter-state coordination will be essential to deliver meaningful welfare outcomes.

12. Outward Remittances Trends Under RBI's Liberalised Remittance Scheme (LRS)

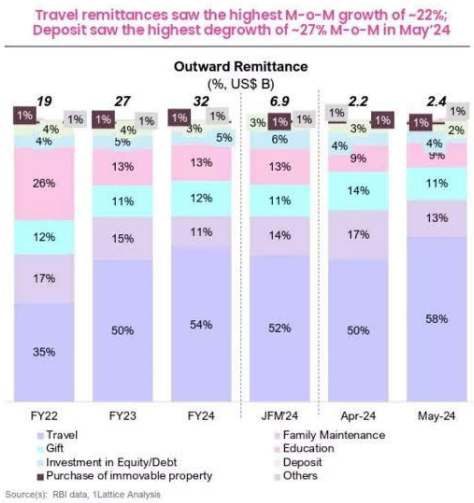
UPSC Relevance: GS Paper III: Indian Economy, Mobilisation of Resources, Balance of Payments, Foreign Exchange Management, and Monetary Policy.

Why in News

Outward remittances from India under the Reserve Bank of India's (RBI) Liberalised Remittance Scheme (LRS) surpassed $20 billion in the first eight months of 2026 (January–August), reaching approximately $20.09 billion compared to $19.08 billion in the corresponding period of 2025.

Background

- **Liberalised Remittance Scheme (LRS):** Introduced by the RBI in 2004 to simplify capital and current account transactions for resident individuals.
- **Permissible Limit:** Resident individuals (including minors) are permitted to remit up to $250,000 per financial year for permissible current or capital account transactions (e.g., travel, medical treatment, education, investment in overseas equities/property).
- **Dominant Share:** Overseas travel represents the largest component of total LRS outflows, accounting for $10.96 billion during January–August 2026 (up from $10.67 billion in 2025). Education-related travel remittances surged from $450.16 million in March 2026 to $855.52 million in August 2026.



Impact & Measures

- **Key Implications:**
  - **Balance of Payments Pressure:** Rising outward remittances increase net capital outflows, adding pressure on foreign exchange management and the current account deficit (CAD).
  - **Consumption Trends:** High spending on foreign travel and overseas education highlights rising disposable incomes among urban residents alongside growing integration with global education markets.

- **Challenges & Initiatives:**
    - **Forex Management:** RBI's consideration of curbs on LRS outflows highlights potential risks to foreign currency liquidity during periods of global financial volatility.
    - **Tax Collected at Source (TCS):** The government maintains TCS rates under the Income Tax Act to track high-value foreign remittances and curb illicit capital flight.

Essential Definitions

- **Liberalised Remittance Scheme (LRS):** A regulatory facility of the RBI allowing resident individuals to freely remit funds up to a specified limit per financial year for permissible capital and current account transactions.
- **Capital Account Transaction:** Transactions that alter the assets or liabilities (including contingent liabilities) outside India of resident individuals.

Legal and Constitutional Framework

- **Foreign Exchange Management Act (FEMA), 1999:** Provides the statutory foundation regulating foreign exchange transactions, capital accounts, and remittance frameworks like LRS.
- **Income Tax Act, 1961 (Section 206C(1G)):** Mandates Tax Collected at Source (TCS) on foreign remittances made through the LRS route above prescribed limits.

Conclusion

While growing LRS outflows reflect economic dynamism and strong global engagement by resident Indians, maintaining a balanced approach between capital account flexibility and macroeconomic stability remains essential for safeguarding foreign exchange reserves.

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