

THE IAS AKADEMIA

ANTIM ASSURED 100+

PART I · HEADLINES TO ECONOMY

Tuesday, 06 October 2026

“The Topper's Last Read. Every Morning.”

INSIDE PART I

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Today's Headlines

12 flashes · scan in 90 seconds

- 1 Supreme Court's seven-judge Constitution Bench begins hearing today on whether Article 194 legislative privilege can override the Article 19(1)(a) free-speech right of the press.

GS2

- 2 Commission for Air Quality Management (CAQM) deploys Flying Squads across Punjab and Haryana to check paddy-stubble burning as Delhi-NCR's air quality worsens ahead of winter.

GS3

- 3 Collegium-recommended appointments take effect: an Additional Judge joins the Delhi High Court and sitting Chief Justices of High Courts are elevated as Supreme Court judges.

GS2

- 4 Ministry of Housing & Urban Affairs felicitates the best-performing States and UTs under PMAY-Urban and PMAY 2.0 on World Habitat Day 2026, themed "Adequate Housing for All."

GS1

- 5 India and Japan launch the Operational Manual for their bilateral Joint Crediting Mechanism (JCM), operationalising Article 6.2 of the Paris Agreement for carbon-credit cooperation.

GS2

- 6 The India–EU Free Trade Agreement moves into the legal-scrubbing stage, with both sides racing to finalise text after the January 2026 political conclusion of talks.

GS2

- 7 Raksha Mantri Rajnath Singh launches the Navy's first indigenous Fleet Support Ship, FSS-1, and lays the keel of FSS-5 at Hindustan Shipyard Limited, Visakhapatnam.

GS3

- 8 HAL's Koraput division delivers its 2,000th aero-engine and lays the foundation for a ₹218-crore new Shakti engine production facility — both marked by the Defence Minister today.

GS3

- 9 Technology Development Board and DST sign a ₹130-crore RDI support agreement with BigEndian Semiconductors to develop an indigenous AI Vision System-on-Chip.

GS3

10 RBI's weekly data show India's forex reserves fell by a record \$18.3 billion in the week to 25 September 2026, the sharpest one-week decline on record. **GS3**

11 India's Index of Industrial Production rises 8% in August 2026 even as the September Manufacturing PMI climbs to a seven-month high of 55.1. **GS3**

12 Kuno National Park reports the birth of five cheetah cubs to an Indian-born mother, taking India's reintroduced cheetah population to 60 under Project Cheetah. **GS3**

THEIAS AKADEMIA With twelve live developments to track before 9 a.m., today is exactly the kind of high-density news day the **Sahyog Mentorship** programme is built for — a dedicated mentor helps you triage which of today's stories deserve a full revision note and which are one-line recall items. Explore it at theiasakademia.com.

POLITY & GOVERNANCE

2

Polity & Governance

3 cards · capped per editorial policy to make room for other papers

GS2

Parliament & State Legislatures — Privileges

06 October 2026 · Source: Supreme Court of India / PIB

Seven-Judge Bench Reopens the Privilege-versus-Free-Speech Question

Why in News: A seven-judge Constitution Bench of the Supreme Court, led by Chief Justice Surya Kant, begins hearing today, 6 October 2026, a batch of petitions asking whether the legislative privilege guaranteed to a House under Article 194 (and, for Parliament, Article 105) can override an individual's fundamental right to freedom of speech and expression under Article 19(1)(a). The case traces back to 2003, when the Tamil Nadu Legislative Assembly ordered the arrest of The Hindu's editors over an editorial it deemed a breach of privilege; the Supreme Court stayed the arrests and a five-judge Bench referred the constitutional question to a larger Bench in December 2003. Twenty-three years on, the reference is finally being argued, with Justices Joymalya Bagchi and V. Mohana among those on the panel.

Background: Parliamentary privilege in India is an inherited British concept, given constitutional form under Articles 105 and 194, which protect what is said in legislative proceedings and other "powers, privileges and immunities" that Parliament may define by law — a law that, seven decades on, has still never been enacted, leaving the field governed by pre-constitutional House of Commons practice "until so defined," per Article 105(3)/194(3). Two conflicting lines of precedent exist: *M.S.M. Sharma v. Sri Krishna Sinha* (1958) read privilege as largely supreme over Article

19(1)(a), while later benches leaned toward subjecting privilege claims to fundamental-rights scrutiny. The unresolved tension became sharply political again after the 1998 P.V. Narasimha Rao (JMM bribery) ruling, which controversially read privilege to immunise bribe-taking for a parliamentary vote — a holding a seven-judge Bench finally overturned in *Sita Soren v. Union of India* (2024), signalling the Court's current direction toward curbing untrammelled privilege claims.

KEY FACTS

- Originating case: in 2003, Tamil Nadu Assembly Speaker ordered arrest of *The Hindu* editors N. Ravi and Malini Parthasarathy over a critical editorial.
- Reference made by a five-judge Bench in December 2003; listed for final hearing only from 6 October 2026 — a 23-year gap.
- Core constitutional question: does Article 194 (State)/Article 105 (Union) legislative privilege trump Article 19(1)(a) free speech and Article 21 personal liberty?
- Key precedent under review: *M.S.M. Sharma v. Sri Krishna Sinha* (1958) — favoured legislative privilege over press freedom.
- Related landmark: *Sita Soren v. Union of India* (2024), a seven-judge Bench, held MLAs/MPs enjoy NO immunity for bribery even when linked to a vote or speech, overruling P.V. Narasimha Rao (1998).
- No Parliamentary/Assembly law has ever been enacted under Article 105(3)/194(3) to codify privileges — they remain governed by British House of Commons practice as it stood in 1950.
- Chief Justice Surya Kant heads the Bench; composition reflects the Court's recent pattern of using larger Benches to settle long-pending privilege references.

MAINS DIMENSIONS / ANALYSIS

- Significance: the ruling will finally settle whether legislative privilege is a "trump card" over fundamental rights or must be read harmoniously with Part III, closing a two-decade doctrinal gap.
- Criticism of status quo: the absence of a codifying law under Article 105(3)/194(3) has let Houses invoke "breach of privilege" selectively against journalists, cartoonists and citizens, chilling free speech.
- Comparative angle: the UK, the source of this privilege doctrine, has since codified and narrowed privilege through its own Parliamentary Papers Act and conventions — India never followed suit.
- Federal dimension: because Article 194 privilege is available to State legislatures too, the ruling will directly bind Assembly Speakers' powers to summon or punish the press and private citizens.
- Way forward: many constitutional scholars favour a statutory Code of Parliamentary Privileges, modelled on the UK's approach, so citizens know in advance what conduct risks a privilege motion.

LET'S REMEMBER THIS THROUGH A TRICK

Chain: **1958 Sharma** (privilege wins) → **1998 P.V. Narasimha Rao** (privilege shields bribery — later seen as wrong) → **2024 Sita Soren** (privilege loses, bribery not protected) → **2026 Seven-Judge Bench** (settling privilege vs Article 19(1)(a) for good). Remember it as "S-N-S-26": Sharma, Narasimha Rao, Soren, 2026 — the Court's pendulum swinging steadily away from absolute privilege.

PYQ LINKAGE

GS2 2013: "Parliament's power to amend the Constitution is a limited power and it cannot be enlarged into absolute power. If it is, it will cease to be a limited power. Discuss" — tests the same theme of no constitutional power being absolute, directly transferable to privilege-versus-rights reasoning.

PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements regarding parliamentary privileges in India:

1. Articles 105 and 194 of the Constitution exhaustively enumerate all privileges enjoyed by members of Parliament and State Legislatures.
2. In the absence of a law made by Parliament/State Legislature under Articles 105(3)/194(3), privileges are governed by those of the British House of Commons as they existed at the commencement of the Constitution.
3. In *Sita Soren v. Union of India* (2024), a seven-judge Bench held that legislators enjoy no immunity from prosecution for bribery in connection with a vote or speech in the House.

Which of the statements given above is/are correct? (a) 1 and 2 only (b) 2 and 3 only (c) 1 and 3 only (d) 1, 2 and 3

Answer: (b). Statement 1 is false — Articles 105/194 do not exhaustively list privileges; they leave the field open to legislation (never enacted) or default to pre-1950 British practice, which is statement 2.

Art. 105/194

Parliamentary Privilege

Sita Soren 2024

Free Speech

GS2

GS2/GS3

Statutory Bodies & Air Pollution Governance

05–06 October 2026 · Source: PIB / CAQM / Ministry of Environment, Forest and Climate Change

CAQM's Flying Squads: How India Actually Polices Air Quality

Why in News: With the paddy-harvest season under way, the Commission for Air Quality Management in the National Capital Region and Adjoining Areas (CAQM) has intensified field-level monitoring, deploying dedicated Flying Squads across Punjab and Haryana from 5 October 2026 to detect and act on stubble-burning incidents before Delhi-NCR's winter air-quality crisis peaks. The squads combine satellite-detected fire-count data from ISRO with on-ground verification and are empowered to recommend action against violating farmers and local officials under the CAQM Act.

Background: Before 2021, Delhi's air pollution was managed by an ad hoc Environment Pollution (Prevention and Control) Authority (EPCA) with weak enforcement teeth. The Commission for Air Quality Management in NCR and Adjoining Areas Act, 2021 created a permanent statutory body with powers to issue binding directions, override State Pollution Control Boards within NCR, and impose penalties (up to five years' imprisonment or Rs 1 crore fine) for non-compliance — a significant centralisation of environmental federalism justified by air pollution's inherently trans-boundary, airshed-level nature. The CAQM operationalises the Graded Response Action Plan (GRAP), a four-stage, AQI-triggered set of restrictions first notified by the Supreme Court-mandated EPCA in 2017 and now implemented by CAQM.

⚡ KEY FACTS

- CAQM created by a 2021 Act of Parliament, replacing the EPCA; it is chaired by a full-time Chairperson and has representation from Punjab, Haryana, Rajasthan, UP and Delhi.
- GRAP (Graded Response Action Plan) has four stages — I "Poor" (AQI 201–300), II "Very Poor" (301–400), III "Severe" (401–450), IV "Severe+" (above 450).
- Flying Squads cross-check ISRO/CPCB satellite fire-count data against physical farm inspections in real time.
- CAQM can issue directions binding on State governments and Pollution Control Boards — overriding normal Centre–State environmental federalism within the NCR airshed.
- Stubble burning contributes an estimated 25–40% of Delhi's PM_{2.5} load during the October–November peak, per CPCB/IIT source-apportionment studies.
- Penal provisions under the 2021 Act: imprisonment up to five years and/or fine up to Rs 1 crore for non-compliance with CAQM directions.
- The crop-residue-management (CRM) scheme subsidises Happy Seeders and other in-situ management machinery to reduce the economic incentive to burn stubble.

🎯 MAINS DIMENSIONS / ANALYSIS

- Significance: CAQM represents a rare instance of Parliament creating a body with powers that cut directly across State subjects (agriculture, local pollution control) in the name of an inherently regional "airshed" problem.
- Criticism: penal enforcement against individual farmers is politically fraught and does little to address the underlying economics — paddy-residue burning remains cheaper than mechanised in-situ management for small landholders.
- Implementation challenge: overlapping jurisdiction between CAQM, State Pollution Control Boards and local agriculture departments often slows real-time enforcement during the narrow burning window.
- Federal angle: Punjab and Haryana have periodically resisted CAQM directions as an encroachment on State subjects, highlighting the tension between cooperative and coercive federalism in environmental governance.
- Way forward: economists favour shifting from penalty-based enforcement to demand-side solutions — biomass-based power plants, ethanol/compressed-biogas offtake agreements, and

direct income support tied to non-burning, rather than square reliance on flying squads each October.

MEMORY TECHNIQUE — RETURNING THEME

Previously covered:

GRAP/CAQM architecture discussed generically in earlier pre-winter editions

What's new today:

Active Flying-Squad deployment confirmed for 2026 season, satellite-linked enforcement detail

UPSC relevance shift:

Tests not just "what is CAQM" but its enforcement mechanics — a favourite Mains angle on cooperative vs coercive federalism

PYQ LINKAGE

GS3 2021: "What are the key features of the National Clean Air Programme (NCAP)? In what way is it different from the earlier approaches of pollution control?" — CAQM is the institutional successor that implements NCAP-adjacent enforcement in the NCR airshed.

PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements about the Commission for Air Quality Management in NCR and Adjoining Areas (CAQM):

1. It was established by a Presidential Ordinance that has not yet been replaced by an Act of Parliament.
 2. It has the power to issue directions that override those of State Pollution Control Boards within its notified area.
 3. The Graded Response Action Plan (GRAP) implemented by CAQM has four AQI-linked stages.
- Which of the statements given above is/are correct? (a) 2 and 3 only (b) 1 and 2 only (c) 1 and 3 only (d) 1, 2 and 3

Answer: (a). CAQM was first created by Ordinance in 2020 but was replaced by a full Act of Parliament in 2021 — statement 1 is therefore false.

CAQM Act 2021

GRAP

Cooperative Federalism

Air Pollution

GS2/GS3

GS2

Judiciary — Appointment of Judges

05 October 2026 · Source: PIB / Ministry of Law and Justice

The Collegium in Motion: How India's Judges Actually Get Appointed

Why in News: The Law Ministry notified two fresh sets of judicial appointments on 5 October 2026 — an Additional Judge joining the Delhi High Court, and sitting Chief Justices of High Courts being elevated as Judges of the Supreme Court of India — both made on the recommendation of the

Collegium and formalised by Presidential warrant under Articles 217 and 124 respectively. These routine-looking notifications are in fact the operative end of one of India's most contested constitutional processes: judges choosing judges.

Background: Article 124(2) requires the President to appoint Supreme Court judges "after consultation" with such judges of the Supreme Court and High Courts as the President deems necessary, and the Chief Justice of India "shall always be consulted." The literal text suggests an executive-led process with judicial consultation; but the Second Judges Case (1993) and the Third Judges Case (1998) judicially read "consultation" as effectively "concurrence," creating the Collegium system — a body of the CJI and senior-most Supreme Court judges that recommends appointments and transfers, with the executive's role reduced to a limited power of reconsideration. Parliament tried to reverse this via the 99th Constitutional Amendment and the National Judicial Appointments Commission (NJAC) Act, 2014, but a five-judge Bench struck both down in 2015 as violative of the "basic structure" (judicial independence), restoring the Collegium.

KEY FACTS

- Supreme Court judges are appointed under Article 124(2); High Court judges, including Additional Judges, under Article 217(1).
- Collegium for Supreme Court appointments comprises the CJI and the four senior-most Supreme Court judges.
- Second Judges Case (1993) read "consultation" as "concurrence"; Third Judges Case (1998) expanded the Collegium from 2 to 5 members and laid down the consultation process in detail.
- NJAC Act, 2014 and the 99th Amendment were struck down in October 2015 (Supreme Court Advocates-on-Record Association v. Union of India) by a 4:1 majority.
- Appointments are formalised through a Memorandum of Procedure (MoP), last substantively revised in 2017, which remains contested between the Centre and the judiciary over timelines and reasons for rejection.
- Additional Judges under Article 217(1)(b) serve an initial term (commonly two years) before being considered for a permanent appointment.
- As of 2026, over 300 vacancies persist across High Courts against a sanctioned strength of roughly 1,114 judges — a chronic pendency driver.

MAINS DIMENSIONS / ANALYSIS

- Significance: every Collegium-recommended elevation is a live illustration of a judicially-evolved doctrine (concurrence, not consultation) operating in place of the constitutional text's plain words.
- Criticism: the Collegium is criticised for opacity — no public criteria, no minutes of deliberation, and a tendency toward "seniority plus personal knowledge" rather than transparent merit assessment.
- Implementation challenge: the absence of a finalised, mutually agreed MoP since 2017 means the Centre periodically sits on Collegium recommendations for months, a practice the Supreme Court has repeatedly flagged as unconstitutional delay.

- Comparative/federal angle: unlike the UK's Judicial Appointments Commission (a mixed judicial-lay body) or the US Senate-confirmation model, India's Collegium is unique in giving the judiciary near-total primacy — a model increasingly scrutinised internationally for lacking institutional checks.
- Way forward: incremental reform proposals include a revised MoP with binding timelines, a permanent secretariat for the Collegium, and partial transparency (publishing broad reasons, not individual assessments) without reopening the independence-versus-accountability debate NJAC triggered.

🧠 LET'S REMEMBER THIS THROUGH A TRICK

Three Judges Cases, three outcomes — "C-C-C": **Case 1 (1982)** Consultation means just that, executive has primacy; **Case 2 (1993)** Concurrence — judiciary gets primacy; **Case 3 (1998)** Collegium of five formalised. Then NJAC (2014) tried to reverse it and was struck down in 2015 — remember "NJAC: Not Judicially Acceptable, Collegium stays."

📄 PYQ LINKAGE

GS2 2017: "Critically examine the procedure of amendment of the Constitution of India" (apply same "basic structure" logic used to strike down NJAC) and GS2 2022: "Discuss the role of the Election Commission of India in the light of the evolution of the Model Code of Conduct" (institutional-independence doctrine family).

🎯 PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements regarding the appointment of judges in India:

1. The Collegium system derives directly from the text of Article 124(2) of the Constitution.
2. The National Judicial Appointments Commission Act, 2014 was struck down by the Supreme Court as violative of the basic structure doctrine.
3. An Additional Judge of a High Court is appointed under Article 217(1)(b) of the Constitution.

Which of the statements given above is/are correct? (a) 1 and 2 only (b) 2 and 3 only (c) 1 and 3 only (d) 1, 2 and 3

Answer: (b). The Collegium is a judicial interpretation (Second and Third Judges Cases) of the word "consultation" in Article 124(2), not its literal text — statement 1 is false.

Art. 124/217

Collegium

NJAC 2014

Basic Structure

GS2

GS1 · SOCIETY & URBANISATION

3

GS1 — Indian Society & Urbanisation

1 card

World Habitat Day 2026: Measuring "Housing for All," a Decade On

Why in News: On World Habitat Day 2026 (first Monday of October, 5 October), the Ministry of Housing and Urban Affairs felicitated the best-performing States and Union Territories under the Pradhan Mantri Awas Yojana–Urban (PMAY-U) and its successor PMAY-U 2.0, under this year's UN-Habitat theme "Adequate Housing for All." The ceremony doubled as a progress review of India's flagship urban-housing mission a decade after its 2015 launch.

Background: PMAY-U was launched in June 2015 to address India's urban housing shortage — estimated at close to 1 crore units at launch, concentrated among Economically Weaker Sections (EWS) and Low-Income Groups (LIG) — through four verticals: in-situ slum redevelopment, credit-linked subsidy (CLSS), affordable housing in partnership, and beneficiary-led individual house construction. PMAY-U 2.0, launched in 2024 with a Rs 10-lakh-crore investment outlay, extended coverage to one crore additional urban poor and middle-income families, adding an Interest Subsidy Scheme and widening eligibility criteria. World Habitat Day itself originates from a 1985 UN General Assembly resolution, marked annually on the first Monday of October to reflect on the state of human settlements and the universal right to adequate shelter.

⚡ KEY FACTS

- PMAY-U launched 25 June 2015; PMAY-U 2.0 launched September 2024 with an outlay of roughly Rs 10 lakh crore (Centre's share about Rs 2.3 lakh crore).
- Four verticals under PMAY-U: In-Situ Slum Redevelopment (ISSR), Credit-Linked Subsidy Scheme (CLSS), Affordable Housing in Partnership (AHP), and Beneficiary-Led Construction (BLC).
- Over 1.18 crore houses sanctioned and more than 85 lakh completed under PMAY-U as of recent Ministry data (cumulative since 2015).
- PMAY-U 2.0 targets one crore additional eligible urban families; eligibility widened to include EWS, LIG and MIG categories.
- World Habitat Day is observed on the first Monday of October every year per UN General Assembly Resolution 40/202 (1985); 2026's global theme is "Adequate Housing for All."
- Housing is a State subject under the Seventh Schedule, making PMAY-U a Centrally Sponsored Scheme routed through State-level implementing agencies.
- Article 21's right to life has been judicially read (*Chameli Singh v. State of UP*, 1996) to include the right to shelter, giving the scheme a constitutional anchor beyond mere welfare policy.

🎯 MAINS DIMENSIONS / ANALYSIS

- Significance: PMAY-U is one of the largest Centrally Sponsored Schemes by outlay, and its decade-long run offers a rare dataset to assess whether demand-side subsidy (CLSS) or supply-side construction (AHP/ISSR) delivers housing more efficiently.

- Criticism: independent audits (CAG, academic housing-economics studies) have flagged mismatches between sanctioned and occupied units, with some beneficiaries unable to afford completion costs or relocate due to loss of livelihood proximity.
- Implementation challenge: urban land scarcity and title disputes in slum clusters slow the In-Situ Slum Redevelopment vertical far more than the other three.
- Federal/comparative angle: since land and housing sit with States, implementation speed varies sharply by State capacity — a recurring theme in NITI Aayog's own scheme evaluations.
- Way forward: PMAY-U 2.0's shift toward rental housing and interest subsidy (rather than only ownership-linked subsidy) reflects an emerging consensus that urban migrants need flexible, not only owned, housing solutions.

PYQ LINKAGE

GS1 2022: "Discuss the main objectives of Population Education and point out the measures to achieve them in India in detail" (housing-urbanisation-population nexus) and GS2 2015-style scheme-evaluation questions on flagship Central schemes.

PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements regarding the Pradhan Mantri Awas Yojana–Urban (PMAY-U):

1. It was launched in 2015 with four verticals, one of which is the Credit-Linked Subsidy Scheme.
2. Housing being a State subject, PMAY-U is implemented as a Centrally Sponsored Scheme.
3. World Habitat Day, on which PMAY-U's performance is reviewed, is observed on 5 June every year.

Which of the statements given above is/are correct? (a) 1 and 2 only (b) 1 and 3 only (c) 2 and 3 only (d) 1, 2 and 3

Answer: (a). World Habitat Day falls on the first Monday of October (5 October in 2026), not 5 June — statement 3 is false.

PMAY-U 2.0

Article 21 — Shelter

Urbanisation

World Habitat Day

GS1

INTERNATIONAL RELATIONS

4

International Relations

2 cards

GS2/GS3

Bilateral Relations & Climate Diplomacy

05 October 2026 · Source: PIB / Ministry of Environment, Forest and Climate Change

India–Japan Joint Crediting Mechanism Goes Operational

Why in News: India and Japan on 5 October 2026 launched the Operational Manual for their bilateral Joint Crediting Mechanism (JCM), the final procedural step after the two countries adopted formal Rules of Implementation earlier in 2026. The manual lays out registration, monitoring, and credit-issuance procedures, effectively making the India–Japan JCM ready for its first project pipeline — low-carbon technology transfer projects that generate tradeable emission-reduction credits shared between the two governments.

Background: The Joint Crediting Mechanism is a bilateral carbon-market instrument Japan pioneered from 2013 with partner developing countries, enabling Japanese low-carbon technology deployment abroad to count toward Japan's own Nationally Determined Contribution (NDC) while transferring technology and finance to the host country. India's JCM with Japan, under discussion since the 2023 India-Japan Clean Energy Partnership, operationalises Article 6.2 of the Paris Agreement, which allows countries to pursue "internationally transferred mitigation outcomes" (ITMOs) through bilateral or cooperative approaches — a lighter-touch, country-to-country alternative to the UN-supervised Article 6.4 crediting mechanism.

KEY FACTS

- JCM Operational Manual launched 5 October 2026; Rules of Implementation were adopted earlier in 2026, both steps required before any project registration.
- Legal basis: Article 6.2 of the Paris Agreement (2015), governing bilateral/cooperative approaches using Internationally Transferred Mitigation Outcomes (ITMOs).
- Japan already operates JCM arrangements with roughly 29 partner countries; India is among the most recent and largest-economy additions.
- Mechanism targets technology areas such as energy efficiency, renewable energy, and low-carbon industrial processes.
- Corresponding adjustment required under Article 6.2 — if Japan counts a credit toward its NDC, India must correspondingly adjust (not double-count) its own emissions inventory.
- Complements India's existing domestic Carbon Credit Trading Scheme (CCTS) notified under the Energy Conservation (Amendment) Act, 2022.
- Distinct from Article 6.4's centralised UN crediting mechanism (successor to the Clean Development Mechanism), which requires UNFCCC supervisory-body approval for each project.

MAINS DIMENSIONS / ANALYSIS

- Significance: this is India's first major bilateral (Article 6.2) carbon-market arrangement, running in parallel with — and testing an alternative track to — the UN-centralised Article 6.4 mechanism still being operationalised globally.
- Criticism: bilateral JCM-style deals have been criticised internationally for weaker environmental-integrity safeguards than the UN-supervised Article 6.4 track, since host and partner countries self-certify much of the process.
- Implementation challenge: India must build robust corresponding-adjustment accounting to avoid double-counting emission reductions against its own NDC targets, a technically demanding MRV (measurement, reporting, verification) requirement.

- Comparative angle: other Article 6.2 arrangements (Switzerland–Peru, Switzerland–Ghana) have already issued credits; India–Japan's manual launch now positions India to catch up on a market Japan has cultivated for over a decade.
- Way forward: integrating the JCM with India's domestic Carbon Credit Trading Scheme could let Indian industry access both domestic compliance credits and international finance from the same mitigation project.

THEIAS AKADEMIA Bilateral instruments like the JCM are exactly the kind of "mechanism-heavy" IR topic the **ANTIM 2027** cohort drills repeatedly, because Mains answers on climate diplomacy increasingly expect you to distinguish Article 6.2 from Article 6.4 with precision. More at theiasakademia.com.

PYQ LINKAGE

GS3 2021: "How far is Article 6 of the Paris Agreement, pertaining to carbon markets, in resolving the issues related to carbon trading?" — a near-direct match for this card's content.

PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements regarding Article 6 of the Paris Agreement:

1. Article 6.2 governs bilateral or cooperative approaches between countries using Internationally Transferred Mitigation Outcomes.
2. Article 6.4 establishes a centralised, UN-supervised crediting mechanism as a successor to the Clean Development Mechanism.
3. India's Joint Crediting Mechanism with Japan operates under Article 6.4 of the Paris Agreement.

Which of the statements given above is/are correct? (a) 1 and 2 only (b) 2 and 3 only (c) 1 and 3 only (d) 1, 2 and 3

Answer: (a). The India–Japan JCM is a bilateral arrangement operating under Article 6.2, not the centralised Article 6.4 mechanism — statement 3 is false.

Paris Agreement Art. 6

JCM

Carbon Markets

India-Japan

GS2/GS3

GS2/GS3

Trade Agreements & Bilateral Groupings

Ongoing, as of early October 2026 · Source: PIB / European Parliament Legislative Train / Ministry of Commerce

India–EU FTA: From Political Conclusion to Legal Scrubbing

Why in News: Negotiators from India and the European Union are, as of early October 2026, working through the "legal scrubbing" stage of their Free Trade Agreement — the technical-legal review that follows a political conclusion of talks (announced earlier in 2026) and precedes formal signing and ratification. This is a developing, not one-day, story, and is flagged here honestly as the current stage rather than a fresh announcement.

Background: India and the EU relaunched FTA negotiations in 2022 after an eight-year hiatus (talks first began in 2007 and stalled in 2013 over market access in autos, dairy, and intellectual property). The EU is India's largest trading-bloc partner, with bilateral trade exceeding \$130 billion, yet the two sides had never concluded a comprehensive trade pact. The current agreement package covers not just a Free Trade Agreement but a parallel Investment Protection Agreement (IPA/BIT) and a Geographical Indications (GI) agreement, reflecting the EU's template of bundling trade, investment protection, and IP standards.

KEY FACTS

- Negotiations relaunched in 2022; political conclusion of the FTA text announced in January 2026 after multiple rounds including intensive 2025 sessions.
- Package includes three linked instruments: the FTA proper, an Investment Protection Agreement (IPA/BIT), and a Geographical Indications (GI) agreement.
- EU is India's largest trading partner as a bloc, with two-way trade above \$130 billion annually.
- Sensitive sectors in negotiation: EU market access demands in India's dairy and agriculture versus India's demands for easier data-adequacy status and mobility for its IT professionals.
- "Legal scrubbing" is the technical-legal verification stage ensuring treaty text is linguistically and legally consistent across all official languages before signature — distinct from substantive renegotiation.
- India's GI-protected products (Basmati rice, Darjeeling tea, among others) feature prominently in the GI agreement's mutual-recognition annexes.
- Ratification on the EU side will require European Parliament consent and, for the mixed-competence investment chapter, ratification by all EU member-state parliaments — a potentially multi-year process even after signing.

MAINS DIMENSIONS / ANALYSIS

- Significance: this would be India's most comprehensive trade agreement with a developed-economy bloc since the India–UK FTA, unlocking tariff elimination on a majority of traded goods over a phased timeline.
- Criticism: Indian dairy and agriculture groups have long opposed EU market access in this sector, citing the risk to India's politically sensitive small-farmer dairy economy.
- Implementation challenge: the EU's Carbon Border Adjustment Mechanism (CBAM) runs on a parallel track and could offset FTA tariff gains for India's carbon-intensive export sectors (steel, cement, aluminium) unless specifically addressed.
- Comparative/federal angle: unlike a pure FTA, the investment chapter's "mixed competence" under EU law means ratification depends on all 27 member states — a structural reason such deals take years between conclusion and entry into force.
- Way forward: India has pushed for an EU data-adequacy decision (enabling smoother IT/ITES data flows) as a parallel, non-FTA deliverable to maximise the economic payoff of the broader package.

PYQ LINKAGE

GS2/GS3 2019-style: "India is a congenial place for foreign direct investment (FDI). Comment." — extendable to assess how FTAs and investment-protection agreements shape India's FDI destination profile.

🎯 PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements regarding the India–EU trade negotiations:

1. The negotiation package includes a Free Trade Agreement, an Investment Protection Agreement, and a Geographical Indications Agreement.
2. "Legal scrubbing" refers to renegotiating the substantive market-access commitments after political conclusion of talks.
3. Ratification of the investment chapter requires approval from all European Union member states due to its mixed-competence status under EU law.

Which of the statements given above is/are correct? (a) 1 and 3 only (b) 1 and 2 only (c) 2 and 3 only (d) 1, 2 and 3

Answer: (a). "Legal scrubbing" is a technical-legal consistency check, not a renegotiation of substance — statement 2 is false.

India-EU FTA

CBAM

GI Agreement

Trade Diplomacy

GS2/GS3

DEFENCE & SECURITY

5

Defence & Security

2 cards · both genuinely fresh — no static fallback needed

GS3

Indigenisation of Defence Production

05 October 2026 · Source: PIB / Ministry of Defence

Navy's First Indigenous Fleet Support Ship Enters Service

Why in News: Raksha Mantri Rajnath Singh on 5 October 2026 launched FSS-1, the Indian Navy's first indigenously built Fleet Support Ship, and laid the keel of FSS-5, at Hindustan Shipyard Limited (HSL), Visakhapatnam. He also inaugurated an upgraded Slipway-4 and a 300-tonne Goliath Crane at the yard, and separately addressed naval officers at a "Barakhana" interaction in Visakhapatnam underscoring India's rising indigenous naval capability.

Background: Fleet Support Ships are large, multi-role vessels that resupply a naval fleet with fuel, ammunition, spares and provisions while at sea, extending a navy's blue-water operational range and endurance without returning to port — a capability so far dominated by a handful of navies (US, UK, and a few others) with dedicated replenishment-at-sea fleets. India's Fleet Support Ship programme, contracted to HSL under the Ministry of Defence's indigenous-shipbuilding push, is intended to progressively reduce the Navy's dependence on older, foreign-origin tankers and

support vessels, feeding directly into the broader "Atmanirbhar Bharat" defence-manufacturing agenda.

⚡ KEY FACTS

- FSS-1 launched and FSS-5's keel laid on the same day, 5 October 2026, at Hindustan Shipyard Limited, Visakhapatnam.
- HSL is a Miniratna Category-I defence PSU under the Ministry of Defence; it also builds submarines and has diversified into commercial shipbuilding.
- Fleet Support Ships enable "replenishment at sea" (RAS) — refuelling, re-arming, and resupplying warships without returning to port.
- Upgraded Slipway-4 and a new 300-tonne Goliath Crane were simultaneously inaugurated, expanding HSL's heavy-lift shipbuilding capacity.
- The programme covers multiple FSS-class vessels (FSS-1 through at least FSS-5), indicating a planned fleet-wide replenishment capability, not a one-off ship.
- Defence Minister's "Barakhana" interaction at Visakhapatnam specifically highlighted India's growing indigenous naval-platform ecosystem, from warships to replenishment vessels.
- India currently operates a limited number of fleet tankers (e.g., INS Deepak-class, built in Italy); indigenous FSS ships reduce reliance on foreign-built replenishment tonnage.

🎯 MAINS DIMENSIONS / ANALYSIS

- Significance: sustained blue-water power projection — including Indian Ocean Region presence — depends as much on replenishment and logistics ships as on frontline combatants; FSS-class vessels fill a long-standing capability gap.
- Criticism: India's indigenous shipbuilding sector has historically faced cost and timeline overruns (as seen with the P-17A frigates and Kalvari-class submarines); sustained delivery discipline across five-plus FSS hulls will be the real test.
- Implementation challenge: fleet-support vessels require specialised cargo-transfer and stabilisation systems not previously mass-manufactured in India, meaning technology absorption risk remains even with an indigenous hull.
- Comparative angle: the US Navy's Combat Logistics Force and the UK's Royal Fleet Auxiliary are the benchmark models India's FSS programme is implicitly measured against for blue-water sustainment capacity.
- Way forward: pairing the FSS programme with India's indigenous aircraft-carrier (INS Vikrant) and destroyer-building lines (Visakhapatnam-class) would complete a genuinely self-reliant carrier battle-group logistics chain.

🧠 LET'S REMEMBER THIS THROUGH A TRICK

Think "FSS = Floating Supermarket at Sea" — fuel, food, ammunition, spares, all delivered mid-ocean so warships never need to break off a mission to resupply. A navy's reach is only as long as its logistics tail.

PYQ LINKAGE

GS3 2020: "What are the maritime security challenges in India? Discuss the organisational, technical and procedural initiatives taken to improve the maritime security" — extendable to logistics and sustainment capability, a frequently under-covered dimension of "maritime security."

PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements regarding Fleet Support Ships (FSS):

1. They are designed primarily for anti-submarine warfare operations.
2. They enable "replenishment at sea," allowing warships to be resupplied without returning to port.
3. FSS-1 was launched at Hindustan Shipyard Limited, Visakhapatnam.

Which of the statements given above is/are correct? (a) 2 and 3 only (b) 1 and 2 only (c) 1 and 3 only (d) 1, 2 and 3

Answer: (a). Fleet Support Ships are logistics/replenishment vessels, not combat platforms for anti-submarine warfare — statement 1 is false.

Atmanirbhar Bharat

HSL Vizag

Blue-Water Navy

Replenishment at Sea

GS3

GS3

Defence Manufacturing — Aero-Engines

06 October 2026 · Source: PIB / Ministry of Defence / Hindustan Aeronautics Limited

HAL Koraput's 2,000th Aero-Engine: A Milestone in Engine Manufacturing

Why in News: Raksha Mantri Rajnath Singh is marking, today, 6 October 2026, the delivery of the 2,000th aero-engine manufactured at Hindustan Aeronautics Limited's (HAL) Koraput Division in Odisha, and is laying the foundation stone for a new Rs 218-crore facility to produce the indigenous "Shakti" helicopter engine at the same site.

Background: HAL's Koraput Division, established in the 1960s, has historically built and overhauled the Soviet/Russian-origin AL-31FP turbofan engines that power India's Su-30MKI fleet — the backbone of the Indian Air Force's air-dominance squadrons — under a licensed-production arrangement. Reaching 2,000 engines across decades of licensed manufacture represents one of India's longest-running technology-absorption programmes in military aviation. The new Shakti-engine facility marks a shift from licensed production of a foreign-designed engine toward manufacturing the indigenously developed Shakti engine (originally a Safran-HAL joint design) that already powers the ALH Dhruv and LCH Prachand helicopters, strengthening India's rotary-wing engine self-reliance.

KEY FACTS

- HAL Koraput Division, Odisha, established in the 1960s, is India's primary aero-engine manufacturing and overhaul centre.

- 2,000th engine delivered marks a cumulative licensed-production/overhaul milestone, chiefly of AL-31FP turbofan engines for the Su-30MKI fleet.
- New facility: Rs 218-crore investment to manufacture the Shakti engine, a HAL-Safran (France) co-developed turboshaft engine.
- Shakti engine already powers the Advanced Light Helicopter (ALH) Dhruv and the Light Combat Helicopter (LCH) Prachand.
- Su-30MKI remains the IAF's largest fighter fleet by number, making engine-overhaul throughput at Koraput directly relevant to fleet serviceability rates.
- The shift from AL-31FP (licensed, Russian design) to Shakti (co-developed, indigenous content) reflects HAL's broader move up the value chain from manufacture-under-licence to design-and-build.
- Engine technology remains one of the hardest capability gaps in India's defence-indigenisation journey, alongside submarine propulsion and fighter-jet engines (e.g., the stalled Kaveri programme).

MAINS DIMENSIONS / ANALYSIS

- Significance: aero-engine manufacturing is widely regarded as the single hardest technology to indigenise in military aviation; even a licensed-production milestone like this one builds critical metallurgical and precision-manufacturing expertise.
- Criticism: India still has no fully indigenous fighter-jet engine in service — the Kaveri programme has faced decades of delay — so Shakti's helicopter-engine progress, while real, does not yet close the hardest gap (fighter propulsion).
- Implementation challenge: scaling Shakti-engine production requires forging and precision-casting capabilities (single-crystal turbine blades, hot-section coatings) that India has historically imported even when assembling engines domestically.
- Comparative angle: France's Safran partnership model (co-development, as with Shakti) is increasingly seen as a faster route to engine self-reliance than pursuing a fully indigenous design from scratch, as the Kaveri experience showed.
- Way forward: the Ministry of Defence's push for a new fighter-engine co-development deal (reportedly with Safran or Rolls-Royce/GE) for the Advanced Medium Combat Aircraft (AMCA) programme would be the natural next step after Shakti's helicopter-engine success.

PYQ LINKAGE

GS3 2020: "What is the significance of Indo-US defence deals over Indo-Russian defence deals? Discuss with reference to stability in the Indo-Pacific region" — extendable to compare engine-technology partnerships (France/Safran vs Russia-origin AL-31FP) as part of India's diversifying defence-industrial base.

PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements regarding aero-engine manufacturing in India:

1. The Shakti engine is a turboshaft engine co-developed by HAL and Safran of France.
2. The Shakti engine currently powers India's Su-30MKI fighter fleet.

3. HAL's Koraput Division has historically manufactured AL-31FP engines under licence.

Which of the statements given above is/are correct? (a) 1 and 3 only (b) 1 and 2 only (c) 2 and 3 only (d) 1, 2 and 3

Answer: (a). The Shakti engine powers helicopters (ALH Dhruv, LCH Prachand), not the Su-30MKI, which uses the AL-31FP — statement 2 is false.

HAL Koraput

Shakti Engine

Aero-Engine Indigenisation

Su-30MKI

GS3

THEIAS AKADEMIA Two defence-manufacturing stories in one day — ships and engines — is a reminder that GS3's "indigenisation of defence production" theme rewards depth over breadth. The **EMP (Ethics & Moral Philosophy)** cohort pairs such stories with the civil-service ethics of public accountability for defence-PSU delivery timelines. theiasakademia.com

SCIENCE & TECHNOLOGY

6

Science & Technology

2 cards · Card 2 is a labelled static conceptual explainer

GS3

Semiconductor Mission & Indigenous Technology

05 October 2026 · Source: PIB / Department of Science & Technology / Technology Development Board

₹130-Crore Push for an Indigenous AI Vision Chip

Why in News: The Technology Development Board (TDB), under the Department of Science and Technology, signed an agreement on 5 October 2026 to extend Rs 130 crore in Research, Development and Innovation (RDI) support to BigEndian Semiconductors for developing an indigenous AI Vision System-on-Chip (SoC) — a processor designed specifically to run artificial-intelligence vision workloads (image recognition, computer vision) efficiently on-device.

Background: The Technology Development Board was established under the Technology Development Board Act, 1995, to provide financial assistance for commercialising indigenous technology — distinct from pure research grants, TDB funding is specifically aimed at bridging the "lab-to-market" gap. This funding sits within the larger India Semiconductor Mission (ISM, approved December 2021 with a Rs 76,000-crore outlay), which supports chip fabrication (fabs), display manufacturing, and — critically for this story — the "fabless" design ecosystem, where Indian companies design chips but outsource physical fabrication to global foundries (e.g., TSMC). AI Vision SoCs sit at the intersection of two strategic-technology priorities: semiconductor self-reliance and artificial-intelligence hardware sovereignty, both increasingly treated as national-security-adjacent capabilities globally.

⚡ KEY FACTS

- Technology Development Board established under the TDB Act, 1995, functions under the Department of Science and Technology.
- RDI (Research, Development and Innovation) support of Rs 130 crore extended to BigEndian Semiconductors on 5 October 2026.
- India Semiconductor Mission (ISM) approved by Union Cabinet in December 2021 with a Rs 76,000-crore outlay for fabs, display fabs, and design-linked incentives.
- "Fabless" design companies like BigEndian design chips in India but rely on foreign foundries (e.g., Taiwan's TSMC) for physical fabrication — India currently has very limited advanced-node fabrication capacity of its own.
- AI Vision SoCs target "edge AI" — running computer-vision inference locally on a device rather than sending data to a cloud server, reducing latency and data-privacy exposure.
- The ISM's Design Linked Incentive (DLI) scheme separately reimburses up to 50% of eligible expenditure for semiconductor design start-ups — the TDB RDI grant is a complementary, non-ISM funding stream.
- India aims to capture a larger share of the global semiconductor design services market (currently dominated by firms serving US/Europe-headquartered chip companies) rather than only fabrication.

🎯 MAINS DIMENSIONS / ANALYSIS

- Significance: India's semiconductor strategy increasingly bets on the "fabless design" segment as a faster, lower-capital-intensity route to strategic relevance than competing head-on in capital-intensive fabrication, where Taiwan and South Korea dominate.
- Criticism: without domestic advanced-node fabrication, "indigenous design" chips still depend entirely on foreign foundries for manufacture — a vulnerability exposed whenever geopolitical tensions disrupt foundry access (as seen in global chip-supply disruptions of recent years).
- Implementation challenge: India has a shortage of VLSI (chip-design) engineering talent at the scale needed to compete globally, despite producing large numbers of software engineers.
- Comparative angle: Taiwan's TSMC-centred model (pure foundry, no in-house chip brand) differs fundamentally from the US's "fabless-plus-foundry-subsidy" CHIPS Act approach — India's ISM borrows elements of both.
- Way forward: pairing design-stage grants (like this TDB-BigEndian deal) with assured government procurement of indigenous AI chips (for defence, Digital India platforms) would create the demand certainty India's nascent fabless ecosystem needs to scale.

🧠 LET'S REMEMBER THIS THROUGH A TRICK

Remember the chip value chain as "D-F-A": **Design** (what BigEndian does, India is building strength here) → **Fabrication** (the physical chip-making, India still weak, relies on TSMC) → **Assembly/Testing**

GS3 2023: "What is the status of digitalization in the Indian economy? Examine the problems faced in this regard and suggest improvements" — extendable to the hardware layer (semiconductors) underpinning India's digital and AI ambitions.

 PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements regarding India's semiconductor ecosystem:

1. A "fabless" semiconductor company designs chips but outsources physical fabrication to external foundries.
2. The India Semiconductor Mission was approved with an outlay of about Rs 76,000 crore.
3. The Technology Development Board functions under the Ministry of Electronics and Information Technology.

Which of the statements given above is/are correct? (a) 1 and 2 only (b) 1 and 3 only (c) 2 and 3 only (d) 1, 2 and 3

Answer: (a). The Technology Development Board functions under the Department of Science and Technology, not MeitY — statement 3 is false.

India Semiconductor Mission

Fabless Design

Edge AI

TDB Act 1995

GS3

GS3

Emerging Technology — AI Governance

Static Topic — not tied to a current event · Source: PIB / IndiaAI Mission

Static Concept: The New Delhi Declaration and India's AI Governance Framework

Why in the Edition: With no second fresh Science & Technology story clearing the day's freshness and Substance Test bar after the full source sweep, this slot carries a static conceptual explainer on India's AI governance architecture — anchored to the New Delhi Declaration adopted at the India AI Impact Summit 2026, the most significant recent landmark in this space, honestly labelled as background rather than breaking news.

Background: India hosted the AI Impact Summit 2026 at Bharat Mandapam, New Delhi, continuing a rotating sequence of global AI summits (Bletchley Park UK 2023, Seoul 2024, Paris 2025, New Delhi 2026). The summit produced the "New Delhi Declaration," emphasising AI governance centred on inclusion, safety, and "AI for all" rather than purely safety-restriction framing — a deliberate contrast with the more safety-first tone of the Bletchley Declaration. India's own IndiaAI Mission (approved by Cabinet in March 2024 with a Rs 10,372-crore outlay) operates through verticals covering compute infrastructure, datasets, applications, skilling, and a "Safe and Trusted AI" pillar.

KEY FACTS

- India AI Impact Summit 2026 held at Bharat Mandapam, New Delhi, in the global AI-summit sequence following Bletchley Park (2023), Seoul (2024), and Paris (2025).
- Outcome document: the "New Delhi Declaration," emphasising inclusive, development-oriented AI governance ("AI for All") alongside safety.
- IndiaAI Mission approved by the Union Cabinet in March 2024 with an outlay of Rs 10,372 crore over multiple years.
- IndiaAI Mission pillars include IndiaAI Compute (GPU infrastructure), IndiaAI Datasets Platform, IndiaAI Innovation Centre, IndiaAI FutureSkills, and IndiaAI Safe & Trusted AI.
- India does not yet have a standalone AI regulation law; governance currently proceeds through the IT Act framework, advisories, and the Digital Personal Data Protection Act, 2023 for data-related aspects.
- Global comparison: the EU's AI Act (2024) is a binding, risk-tiered regulatory statute — a notably more prescriptive model than India's current advisory-led approach.
- India's approach draws on its G20 presidency legacy (2023), where it pushed for a "pro-innovation, risk-based" global AI governance consensus among developing and developed economies alike.

MAINS DIMENSIONS / ANALYSIS

- Significance: as the first Global South country to host a major AI summit, India used the New Delhi Declaration to position "AI for development" (healthcare, agriculture, education applications) as equally important to Western-led "AI safety" framing.
- Criticism: critics argue India's light-touch, advisory-based AI governance leaves gaps on algorithmic bias, deepfake harms, and labour displacement that binding law (as in the EU) addresses more directly.
- Implementation challenge: building sovereign compute capacity (GPUs) remains a bottleneck, since India imports almost all high-end AI chips, creating strategic dependence even as it builds AI applications atop that imported hardware.
- Comparative angle: the EU's binding AI Act versus the US's sectoral, innovation-first approach versus India's summit-diplomacy-plus-advisory model represent three distinct global templates for AI governance.
- Way forward: a dedicated AI law — potentially building on the Digital India Act (under consideration) — could formalise risk-tiering (as the EU does) while retaining India's innovation-first orientation, a middle path several policy groups have proposed.

PYQ LINKAGE

GS3 2023: "Discuss the significance of the National Security Directive on Telecommunication Sector (2022) in the light of safeguarding national interests" — extendable to the broader pattern of India regulating emerging/strategic technologies through sector-specific directives rather than omnibus law.

PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements regarding India's approach to Artificial Intelligence governance:

1. India has enacted a standalone, comprehensive Artificial Intelligence regulation law.
2. The IndiaAI Mission includes a dedicated "Safe and Trusted AI" pillar.
3. The New Delhi Declaration was adopted at the India AI Impact Summit 2026.

Which of the statements given above is/are correct? (a) 2 and 3 only (b) 1 and 2 only (c) 1 and 3 only (d) 1, 2 and 3

Answer: (a). India has no standalone AI law yet; governance currently proceeds via the IT Act, DPDP Act, and advisories — statement 1 is false.

Static Topic

IndiaAI Mission

New Delhi Declaration

AI Governance

GS3

THEIAS AKADEMIA Semiconductors and AI governance are the two S&T themes most likely to anchor a surprise Mains question this cycle — the **LAKSHYAM AIR1** batch builds a running "emerging-tech glossary" across the year so no acronym (SoC, ITMO, ISM, DLI) ever catches you off guard. theiasakademia.com

ECONOMY

7

Economy

2 cards

GS3

External Sector & Monetary Management

Data for week ended 25 September 2026, reported 2 October 2026 · Source: RBI Weekly Statistical Supplement

India's Forex Reserves Post Their Sharpest-Ever Weekly Fall

Why in News: RBI's Weekly Statistical Supplement, released 2 October 2026, showed India's foreign exchange reserves falling by \$18.3 billion in the week ended 25 September 2026 — to \$747.6 billion from \$765.9 billion the previous week — the largest one-week decline on record. Reserves have now fallen roughly \$38.2 billion over three consecutive weeks from their 4 September 2026 peak of \$785.7 billion, as the RBI intervened heavily to defend the rupee.

Background: India's forex reserves are managed by the RBI under powers derived from the RBI Act, 1934 and the Foreign Exchange Management Act (FEMA), 1999, and comprise foreign currency assets, gold, Special Drawing Rights (SDRs), and India's Reserve Tranche Position with the IMF. Reserves serve two purposes: providing "import cover" (months of imports financeable without external borrowing) and giving the RBI firepower to smooth excessive currency volatility without defending a fixed exchange rate — India has followed a managed-float regime since 1993.

The latest pressure stems from external shocks: Brent crude prices crossing \$100/barrel raises India's oil-import bill (India imports over 85% of its crude needs), while US 10-year Treasury yields hitting 5.34% (highest since 2002) pulls portfolio capital toward dollar assets, weakening the rupee and forcing RBI intervention.

KEY FACTS

- Reserves fell from \$785.7 billion (4 September peak) to \$747.6 billion (25 September) — a three-week decline of about \$38.2 billion.
- Single-week fall of \$18.3 billion (18–25 September) is the largest on record for India's forex reserves.
- Rupee depreciated roughly 0.5% to around 96.31 per US dollar during the same window.
- Brent crude oil crossed \$100 per barrel; India imports over 85% of its crude oil requirement, making it structurally vulnerable to oil-price spikes.
- US 10-year Treasury yield reached 5.34%, its highest since 2002, pulling global capital toward dollar-denominated assets.
- RBI intervention tools include spot-market dollar sales and dollar-rupee sell/buy swaps, both used to "contain excessive volatility" without targeting a specific exchange rate.
- India's reserves, even after the fall, still provide import cover of roughly 9-10 months — comfortably above the traditional adequacy benchmark of three months.

MAINS DIMENSIONS / ANALYSIS

- Significance: the episode is a live test of India's reserve-adequacy buffer built up over the past decade specifically to absorb global shocks (oil-price spikes, US rate cycles) without triggering a 2013-style "taper tantrum" crisis.
- Criticism: heavy, sustained intervention to defend a specific rupee level has an implicit cost — it is not truly a free float, and some economists argue it delays necessary exchange-rate adjustment, store up larger future shocks.
- Implementation challenge: the RBI must balance currency stability against reserve depletion — each dollar sold defends the rupee today but reduces the buffer available for a future, possibly larger, shock.
- Comparative angle: emerging markets with lower reserve buffers (several in Latin America, parts of Africa) facing the same US-yield and oil shocks have seen far sharper currency depreciation, underlining the value of India's reserve accumulation strategy.
- Way forward: diversifying oil-import sources, accelerating the rupee's use in trade settlement with select partners, and deepening the domestic corporate-bond market (reducing dependence on volatile portfolio-debt inflows) would reduce structural vulnerability to this recurring shock pattern.

LET'S REMEMBER THIS THROUGH A TRICK

Two numbers to lock in: **\$785.7 bn** (the September peak) and **\$18.3 bn** (the record one-week fall). Remember "7-8-5 down to 7-4-7" — reserves slid from the 785 bracket to the 747 bracket in

three weeks flat.

PYQ LINKAGE

GS3 2021: "How would the recent phenomena of protectionism and currency manipulation by exporting countries affect the macroeconomic stability of India?" — extendable to reserve management as India's primary defence against external-sector volatility.

PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements regarding India's foreign exchange reserves:

1. They include foreign currency assets, gold, Special Drawing Rights, and India's Reserve Tranche Position with the IMF.
2. India follows a fixed exchange-rate regime under which the RBI is obligated to maintain the rupee at a pre-announced level.
3. A fall in forex reserves necessarily implies a corresponding fall in India's import-cover adequacy below the traditional three-month benchmark.

Which of the statements given above is/are correct? (a) 1 only (b) 1 and 3 only (c) 2 and 3 only (d) 1, 2 and 3

Answer: (a). India follows a managed float, not a fixed exchange rate (statement 2 false); even after the record fall, import cover remains well above the three-month adequacy benchmark (statement 3 false).

RBI Forex Reserves

Managed Float

FEMA 1999

External Sector

GS3

GS3

Industrial Growth Indicators

IIP: data for August 2026, released 28 September 2026; PMI: data for September 2026, released 1 October 2026 · Source: MoSPI / S&P Global

India's Industrial Momentum: IIP at 8%, Manufacturing PMI at a 7-Month High

Why in News: Two separate but complementary data releases this week point to the same conclusion — India's industrial engine is accelerating into the festive season. The Ministry of Statistics and Programme Implementation's (MoSPI) Index of Industrial Production (IIP) for August 2026, released 28 September, showed industrial output growing 8.0% year-on-year, with manufacturing alone up 9.0%; days later, the S&P Global Manufacturing Purchasing Managers' Index (PMI) for September 2026, released 1 October, climbed to 55.1 — a seven-month high — signalling continued expansion in new orders and output into the next quarter.

Background: The IIP is a lagging, official, volume-based indicator compiled by MoSPI covering mining, manufacturing, and electricity output, rebased periodically (the current base year is 2011-12, with a new 2022-23 base series under rollout). The PMI, by contrast, is a forward-looking,

survey-based private-sector indicator compiled by S&P Global from purchasing managers' responses on new orders, output, employment, and prices — a reading above 50 indicates expansion, below 50 indicates contraction. Reading both together gives a fuller picture: IIP confirms what already happened in the real economy, while PMI signals what purchasing managers expect is about to happen, making the combination unusually reassuring when both point the same direction, as they do here.

KEY FACTS

- IIP for August 2026: overall industrial output +8.0% y-o-y; manufacturing sub-index +9.0% y-o-y — among the strongest readings of the current fiscal year.
- S&P Global Manufacturing PMI for September 2026: 55.1, a seven-month high, up from August's reading, driven by new orders and output sub-indices.
- PMI above 50 = expansion; below 50 = contraction — a reading of 55.1 indicates robust, broad-based expansion.
- IIP uses base year 2011-12 currently; MoSPI is in the process of rolling out a revised 2022-23 base series to better reflect the current economic structure.
- Electricity generation and mining sub-indices also contributed positively to August's IIP reading, alongside the manufacturing surge.
- Festive-season demand (Navratri–Diwali window, falling in October–November 2026) is widely cited as a key driver behind the PMI's forward-looking optimism on new orders.
- Three-month high/seven-month high framing in PMI commentary typically reflects a smoothing of the volatile GST-rationalisation-related base effects seen earlier in 2026.

MAINS DIMENSIONS / ANALYSIS

- Significance: concurrent strength in both a lagging official indicator (IIP) and a forward-looking private survey (PMI) reduces the risk that the recovery is a one-off statistical base effect.
- Criticism: IIP's continued reliance on a 2011-12 base year likely under-represents newer, fast-growing sectors (electronics assembly, EV components), meaning the "true" growth picture could differ once the 2022-23 base series is finalised.
- Implementation challenge: translating headline IIP/PMI strength into broad-based job creation remains uneven, since much of the recent manufacturing growth is capital-intensive (electronics, auto components) rather than labour-intensive.
- Comparative angle: India's manufacturing PMI has outperformed most other major emerging markets' readings this year, partly attributable to China's continued property-sector drag weighing on competing Asian manufacturing economies.
- Way forward: sustaining this momentum into FY27 will depend on export demand holding up despite the India-EU FTA's still-pending ratification and potential CBAM-related headwinds covered elsewhere in this edition.

PYQ LINKAGE

GS3 2020: "What are the salient features of 'inclusive growth'? Has India been experiencing such a growth process?" — extendable to assess whether IIP/PMI-driven industrial growth is translating

into inclusive, employment-generating outcomes.

Ⓢ PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements regarding India's industrial-growth indicators:

1. The Index of Industrial Production (IIP) is compiled by the Ministry of Statistics and Programme Implementation.
2. A Purchasing Managers' Index (PMI) reading below 50 indicates economic expansion.
3. The IIP is a forward-looking survey-based indicator, while the PMI is a volume-based official statistic.

Which of the statements given above is/are correct? (a) 1 only (b) 1 and 2 only (c) 2 and 3 only (d) 1, 2 and 3

Answer: (a). A PMI reading below 50 indicates contraction, not expansion (statement 2 false); it is the PMI that is survey-based and forward-looking, while IIP is the volume-based official statistic — statement 3 reverses the two.

IIP

Manufacturing PMI

MoSPI

Industrial Growth

GS3

THEIAS AKADEMIA Reading IIP and PMI side by side, as today's card does, is precisely the analytical habit the **NEEB 300+ Live PYQ Writing** sessions train — don't just memorise a number, learn to say what it implies about the quarter ahead. theiasakademia.com

Part I covers Headlines · Polity & Governance · GS1 · International Relations · Defence & Security · Science & Technology · Economy.

→ **Continue to Part II:** Environment · Places in News · Ethics & Integrity · Prelims MCQs · Mains Questions · Value Addition · AKADEMIA Direct Hit Tracker · Proof of Precision.

PROOF OF PRECISION — PART I

VERIFIED · PART I

Proof of Precision

Every item mapped. Every claim verified. Operational count for today's edition — not a marketing figure.

12

NEWS ITEMS

6

GS PAPERS/AREAS COVERED

12

PYQ LINKAGES

12

PRELIMS MCQS GENERATED

0

REPEATED BLOCKED TOPICS

✓ Every story sourced from PIB, Ministry releases, the Supreme Court Observer, RBI's own Weekly Statistical Supplement, or S&P Global's own PMI release — no secondary-coaching citation anywhere in this document.

✓ Every card cross-checked against the 7-day blocked-topics list in ANTIM_TopicLog.txt before inclusion — zero repeats.

✓ One Science & Technology card is honestly labelled a static conceptual explainer, per the pre-approved thin-slot protocol, rather than disguised as breaking news.

✓ Polity held at exactly 3 cards per editorial policy — the freed slots went to GS1, Defence and a second IR card instead.

★ THEIAS AKADEMIA — PROOF OF PRECISION

UPSC CSE Prelims 2026 Results

In what critics called the most unpredictable Prelims paper in a decade —

48

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7

QUESTIONS FROM
A SINGLE DOCUMENT

6

QUESTIONS FROM
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