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The Topper's Last Read. Every Morning.

PART I · HEADLINES TO ECONOMY

Monday, 17 August 2026

"The Topper's Last Read"

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INSIDE PART I

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How to read the date stamps. Every card carries a green badge showing when the item actually happened. Today is the first working day after Independence Day, so the docket is heavy and almost everything here is dated 16 or 17 August. Where an item is older, the true date is stated inside the card.

⚠️ **A correction we are making to our own earlier note.** Yesterday's edition flagged the Karnataka SIR draft electoral roll as publishing today, 17 August. That was the *original* schedule. The Election Commission revised it in early August: **enumeration closes today, and the draft roll now publishes on 24 August**, with claims and objections running to 23 September and the final roll on 27 October. We are correcting this in the open rather than quietly, because a schedule error is exactly the kind of thing that costs a mark.

SECTION 01

Top Headlines — 17 August 2026

1. **President assents to the Kerala (Alteration of Name) Bill, 2026** — the State becomes Keralam, by ordinary law under Article 3 (17 Aug).
2. **Supreme Court begins final hearing on the Transgender Persons (Amendment) Act, 2026**, which deleted the right to self-perceived gender identity; Centre assures that identity cards issued earlier remain valid (17 Aug).
3. **Supreme Court upholds 2002 as the SIR base year for Sikkim** — "the goal post cannot be shifted in the middle of the exercise" (17 Aug).
4. **Supreme Court issues limited notice on the SHANTI Act**, questioning whether a statutory liability cap can preclude courts from awarding fair compensation, and whether the nuclear regulator's appointment process is conflicted (17 Aug).
5. **Unemployment falls to 5.1% in July**, but the improvement is entirely rural — urban unemployment rose. Female labour force participation jumped 1.7 points in a single month (17 Aug).
6. **RBI closes its FCNR(B) forex swap window early** after mobilising about USD 56.85 billion — a facility withdrawn because it worked (announced 14 Aug, reported 17 Aug).
7. **UNCCD COP17 opens at Ulaanbaatar** under the theme "Restoring Land, Restoring Hope," with 197 Parties and a host country 77% of whose land is already degraded (17 Aug).
8. **BRICS Environment Working Group senior officials meet at Bharat Mandapam**, setting out India's four Chairship priorities ahead of the Ministerial tomorrow (17 Aug).
9. **MoD signs a 30-month lease for two MQ-9B Sea Guardians** for the Indian Navy at about ₹1,943 crore — leasing, not buying (17 Aug).
10. **QpiAI opens Phase 2 of its quantum chip foundry at Bengaluru**, targeting 10,000-qubit processors by 2027 under the National Quantum Mission (17 Aug).
11. **MHA announces the dismantling of the Shahzad Bhatti Network** — 253 detained across 14 states in a coordinated operation (operation 12 Aug, announced 17 Aug).

12. **Eight dead in a Tarapith hotel fire in Birbhum and at least seven in a stampede at Ashok Dham temple, Lakhisarai,** both triggered by electrical causes or rumours of them (17 Aug).

SECTION 02

Polity & Governance

GS2

17 AUG

Union & its Territory — Article 3

17 August 2026 · Source: Presidential assent reported by PTI; Bill passed LS 11 Aug, RS 12 Aug

Kerala Becomes Keralam: Article 3 Completes Its Circuit

Why in News: On **17 August 2026** the President gave assent to the **Kerala (Alteration of Name) Bill, 2026**, which renames the State as **Keralam**. The Bill was introduced in the Lok Sabha on 10 August, passed there on 11 August and in the Rajya Sabha by voice vote on 12 August. Assent completes the constitutional sequence; the change takes effect on commencement by notification in the Official Gazette, which we could not independently verify as issued at the time of writing.

Background: Malayalam speakers have always called the State *Keralam*; the English form "Kerala" is a transliteration artefact. The Kerala Legislative Assembly first adopted a resolution seeking the change in **2024** and forwarded it to the Centre in June that year. The President then referred the proposal back to the State Legislature for its views under the **proviso to Article 3** — the mandatory consultation step — and the Assembly adopted a further unanimous resolution agreeing. The Union Cabinet approved the Bill in **February 2026**. The whole exercise is the cleanest recent illustration of how Article 3 actually works.

⚡ KEY FACTS — THE ARTICLE 3 SEQUENCE, STEP BY STEP

- **Step 1 — State resolution:** the Kerala Assembly resolved in 2024. This is politically important but is *not* a constitutional prerequisite, and it does *not* bind Parliament.
- **Step 2 — Presidential recommendation:** under the **first proviso to Article 3**, a Bill to alter a State's name may be introduced only on the recommendation of the President.
- **Step 3 — Reference to the State Legislature:** the President must refer the Bill to the legislature of the affected State for its views within a specified period. **The views are mandatory to seek but not binding to accept** — the single most tested point in this topic.
- **Step 4 — Passage by simple majority** in both Houses, as an ordinary law.
- **Step 5 — NOT an Article 368 amendment:** **Article 4(2)** expressly provides that a law under Article 3 shall not be deemed to be an amendment of the Constitution for the purposes of Article 368.
- **Step 6 — First Schedule stands amended:** **Article 4(1)** permits such a law to make consequential changes to the **First Schedule** (names and territories of States) and the **Fourth Schedule** (Rajya Sabha seat allocation).
- **Step 7 — Commencement by notification** in the Official Gazette; the name change is not operative until then.
- Precedents to hold: Madras → Tamil Nadu (1969); Mysore → Karnataka (1973); Uttaranchal → Uttarakhand (2007); Orissa → Odisha (2011, which also required a constitutional amendment for the language entry in the Eighth Schedule); Pondicherry → Puducherry (2006).

MAINS DIMENSIONS / ANALYSIS

- Article 3 embodies a deliberate design choice by the Constituent Assembly: India is, in Ambedkar's framing, an indestructible Union of destructible States. Parliament may alter State boundaries, areas and names by ordinary law, which is why the Indian federation is routinely described as quasi-federal or as federal with a strong unitary bias.
- The consultation requirement is the constitutional pressure valve. It gives the affected State voice without veto, and the practical political convention — that the Centre does not force through a change a State opposes — does more work than the text does.
- Renaming is not a merely symbolic act. It touches statutory citations, official records, signage, currency-adjacent usage and inter-State instruments, and the consequential amendment provision in Article 4(1) exists precisely because a name change ripples through the statute book.
- There is a cultural-federalism dimension worth stating: restoring an endonym over a colonial transliteration is a claim about who names a place, and it sits alongside the wider pattern of restoring indigenous place names. A balanced answer notes both the legitimacy of that claim and the administrative cost of acting on it.
- Contrast Article 3 with Article 4 and with Article 368 in any answer — the examiner is usually testing whether you know that the First Schedule can be changed *without* a constitutional amendment.

MEMORY TECHNIQUE — RETURNING TOPIC

We built the full Article 3 walkthrough on 11 August, when the Bill was passing. It returns today because **assent is the step that makes it law**. Fix the whole chain in one line: *State resolution advises, President recommends, State Legislature is consulted but not obeyed, Parliament passes by simple majority, Article 4(2) says it is not an amendment, and the First Schedule changes anyway.*

Probable Prelims MCQ (Statement-Based)

Consider the following statements regarding the alteration of the name of a State:

1. The Bill can be introduced only on the recommendation of the President.
2. The views of the State Legislature, once sought, are binding on Parliament.
3. Such a law is not deemed to be an amendment of the Constitution under Article 368.

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) All three

Answer: (c) 1 and 3 only. The State Legislature's views must be sought but are not binding.

PYQ LINKAGE

GS2 2021 on the nature of Indian federalism; Prelims 2013 and 2019 have both tested Articles 2, 3 and 4 and the schedules affected.

GS2

GS1

17 AUG

Rights Issues & Vulnerable Sections

17 August 2026 · Source: Supreme Court proceedings, final hearing commenced

When the Law Took Back Self-Identification: The Transgender Amendment Reaches Final Hearing

Why in News: On **17 August 2026** the Supreme Court began final hearing on the challenge to the **Transgender Persons (Protection of Rights) Amendment Act, 2026**. The amendment **deleted Section 4(2) of the 2019 Act**, which had guaranteed the right to self-perceived gender identity, and made **medical scrutiny a mandatory prerequisite** for legal

recognition. The Centre told the Court that identity cards issued *before* the amendment will continue to remain operational. The Solicitor General sought four weeks; the Court agreed to list the matter thereafter.

Background: The foundation is ***National Legal Services Authority v. Union of India (NALSA, 2014)***, in which the Supreme Court recognised transgender persons as a third gender, held that gender identity is integral to dignity under **Article 21**, and directed that self-identification be respected without insisting on sex reassignment surgery. The **Transgender Persons (Protection of Rights) Act, 2019** partially codified this: Section 4(2) affirmed the right to self-perceived gender identity, but the Act still routed the transgender certificate through a District Magistrate, and a change to male or female required proof of surgery. The 2026 amendment removes even the self-perception guarantee. The immediate trigger for the present application was a card-holder who found, on accessing the national portal in July 2026, that his existing card had been replaced by an unsigned document recording his earlier birth name, without notice or hearing.

⚡ KEY FACTS

- ***NALSA v. Union of India (2014)*** recognised the third gender, grounded gender identity in **Articles 14, 15, 16, 19(1)(a) and 21**, and directed reservation in education and employment treating transgender persons as socially and educationally backward.
- The **Transgender Persons (Protection of Rights) Act, 2019**: Section 4(2) guaranteed the right to self-perceived gender identity; Sections 5–7 govern the certificate of identity through the **District Magistrate**; Section 18 prescribes penalties of six months to two years for offences against transgender persons.
- The **2026 Amendment deleted Section 4(2)** and made **medical scrutiny mandatory** for legal recognition.
- The **National Council for Transgender Persons** is constituted under Section 16 of the 2019 Act, chaired by the Union Minister for Social Justice and Empowerment.
- Related architecture: the **National Portal for Transgender Persons** (online application for certificate and identity card) and the **SMILE** scheme (Support for Marginalised Individuals for Livelihood and Enterprise), which includes Garima Greh shelter homes.
- The **Centre's assurance on 17 August**: transgender identity cards issued before the 2026 amendment will continue to remain operational.
- An unresolved question flagged in Court: cards issued by **State governments directly under the NALSA directions**, rather than under the 2019 Act — Tamil Nadu was cited as an example.
- Comparative: several jurisdictions have moved to declaration-based recognition without medical gatekeeping, notably Argentina's Gender Identity Law (2012), which is the standard reference point in this debate.

🎯 MAINS DIMENSIONS / ANALYSIS

- The constitutional question is unusually clean: can Parliament withdraw by statute a right that the Supreme Court located in Article 21? Legislative competence to amend a statute is not in doubt, but a statute that operates *below* the constitutional floor set by NALSA is vulnerable regardless of how validly it was enacted.
- The case for medical scrutiny, stated fairly, rests on administrative certainty — gender markers carry consequences for reservation, custodial placement, sports categorisation and criminal law, and the State argues it needs a verifiable basis. That is a real problem, not a pretextual one.
- The case against is that verification through medical examination imposes an intrusion no other citizen bears to establish identity, and that dignity under Article 21 is precisely the interest that intrusive verification injures. Where a right is grounded in dignity, procedure *is* substance.
- The card-substitution episode raises a distinct administrative-law point that should not be lost in the constitutional argument: altering an existing legal document without notice or hearing violates *audi alteram partem*, independent of whether the amendment itself is valid.
- For GS1, this is a live instance of law and social change running in both directions. The 2014 judgment and the 2019 Act moved recognition forward; the 2026 amendment moves it back. Legal change is not a ratchet, and answers that assume steady

progress miss the actual dynamic.

Let's Remember This Through a Trick

The arc in three numbers: **2014 NALSA recognised, 2019 Act codified with Section 4(2), 2026 Amendment deleted it**. Recognition, codification, retraction — and the Court is now asked whether the third step was permissible.

Probable Prelims MCQ (Statement-Based)

Consider the following statements:

1. *NALSA v. Union of India* (2014) recognised transgender persons as a third gender.
2. The Transgender Persons (Protection of Rights) Act, 2019 provides for a certificate of identity issued by the District Magistrate.
3. The National Council for Transgender Persons is chaired by the Chief Justice of India.

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) All three

Answer: (a) 1 and 2 only. The Council is chaired by the Union Minister for Social Justice and Empowerment.

PYQ LINKAGE

GS1 2019 and GS2 2022 on the rights of vulnerable and marginalised sections; GS2 2018 on the judiciary's role in expanding Article 21.

GS2

17 AUG

Representation of the People & Constitutional Bodies

17 August 2026 · Sources: Supreme Court order on Sikkim SIR; Karnataka CEO enumeration data

"The Goal Post Cannot Be Shifted": The Supreme Court, Sikkim, and the Base Year of a Roll Revision

Why in News: Two electoral-roll developments landed on **17 August 2026**. The Supreme Court dismissed a petition seeking **1993 instead of 2002** as the base year for the Special Intensive Revision in **Sikkim**, holding that *"the goal post cannot be shifted in the middle of the exercise"* and that the cut-off is a policy decision. Separately, the **enumeration phase of Karnataka's SIR closes today**; the draft roll will now publish on **24 August**, not today as originally scheduled.

Background: A **Special Intensive Revision** is a house-to-house re-verification of the entire electoral roll, distinct from the routine **summary revision** in which the roll is merely updated at the margins. The distinguishing feature of the current SIR is the use of a **base year**: electors whose names appear in the roll of that year, or who can trace their entitlement to it, are treated as verified, while others must furnish documents. Sikkim's petitioners argued that its distinct constitutional and demographic history — it merged with India in 1975 and is governed by the special provisions of **Article 371F** — warranted a different cut-off. The Court noted that an SIR had already been conducted in Sikkim in 2002 and that a uniform national base year is a policy choice within the Commission's domain.

KEY FACTS

- The Election Commission's constitutional basis is **Article 324** (superintendence, direction and control of elections); rolls are prepared under the **Representation of the People Act, 1950**, sections 14–25, and the Registration of

Electors Rules, 1960.

- Field machinery: **Electoral Registration Officer (ERO)** and Assistant EROs, with **Booth Level Officers (BLOs)** conducting house visits and **Booth Level Agents (BLAs)** appointed by parties.
- Forms to know: **Form 6** (new inclusion), **Form 6B** (Aadhaar linkage), **Form 7** (objection to inclusion or deletion), **Form 8** (correction, shifting, replacement of card, marking as person with disability).
- **Sikkim**: SC upheld **2002** as base year on 17 August; the final roll is due **6 September 2026**. Sikkim's special constitutional status derives from **Article 371F**, inserted by the 36th Amendment in 1975.
- **Karnataka**: qualifying date **01.10.2026**; pre-SIR electors **5,54,32,314**; enumeration closes **17 August**; draft roll **24 August**; claims and objections **24 August–23 September**; final roll **27 October**.
- Karnataka's **ASDDO** count — Absent, Shifted, Dead, Duplicate and Others — stood at **1,08,75,304 as of 12 August**, having *fallen* by about 2.4 lakh from 5 August as verification proceeded. Breakdown: permanently shifted 65,73,976; dead 16,36,673; absent 15,48,757.
- The starkest figure: **Bengaluru Urban 17,74,626 flagged, or 44.13%** of its electors; in **BBMP South, 10,87,829 or 50.72%** — more than every second name on the roll.
- An electoral roll can be challenged; but note that under **Article 329(b)**, an *election* may be called in question only by an election petition after the poll, not by writ during it.

MAINS DIMENSIONS / ANALYSIS

- The Court's reasoning is procedural rather than substantive, and that is the point worth grasping. It did not hold that 2002 is the correct base year for Sikkim; it held that changing the rule mid-exercise would be worse than an imperfect uniform rule. Consistency, at this stage, is itself a value.
- The urban ASDDO figures are the substantive story and they cut both ways. A metropolis with very high internal migration, rental churn and duplicate registration genuinely does accumulate dead entries — but a flag rate above 50% in any jurisdiction should invite scrutiny of the flagging methodology as much as of the roll.
- Note that the flagged count *fell* as verification proceeded. That is evidence the process is self-correcting, and it is a fair answer to the charge that flagging equals deletion. Flagging triggers enquiry; deletion requires an order after notice.
- The core tension is between two errors of opposite sign. Wrongful inclusion dilutes the franchise of genuine electors; wrongful exclusion disenfranchises a citizen outright. The two are not symmetric in their consequences, which is the argument for placing the burden on the administration rather than the elector.
- The federal and demographic sensitivities are real in Sikkim, where questions of who counts as a settled resident carry the weight of the 1975 merger and the Article 371F guarantees. A uniform national procedure applied to a constitutionally distinctive State is precisely where uniformity becomes contestable.

Let's Remember This Through a Trick

A-S-D-D-O — Absent, Shifted, Dead, Duplicate, Others. And the forms: **6 to add, 7 to object, 8 to correct**. Three numbers, three actions.

Probable Prelims MCQ (Statement-Based)

Consider the following statements:

1. Electoral rolls are prepared under the Representation of the People Act, 1950.
2. Form 6 is used for objection to the inclusion of a name in the roll.
3. Article 371F contains special provisions with respect to the State of Sikkim.

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) All three

Answer: (c) 1 and 3 only. Form 6 is for inclusion; Form 7 is for objection or deletion.

 PYQ LINKAGE

GS2 2022 and 2017 on the Election Commission's powers and electoral reforms; Prelims has repeatedly tested Articles 324 and 329 and the RPA of 1950 versus 1951.

THEIAS AKADEMIA Polity held to exactly three cards again today, despite a heavy Supreme Court docket. Four further judgments — on press freedom, bar-council overreach, Cauvery compliance and platform takedowns — appear only in the tracker. Breadth across the syllabus beats depth in one paper. theiasakademia.com

SECTION 03

Internal Security

GS3

GS2

12 & 17 AUG

Terrorism & Intelligence Architecture

Operation conducted 12 August 2026; announced 17 August 2026 · Source: PIB / Ministry of Home Affairs

Dismantling a Proxy Network: What the Shahzad Bhatti Operation Reveals About India's Intelligence Plumbing

Why in News: The Ministry of Home Affairs announced on **17 August 2026** that a coordinated multi-state operation conducted on **12 August** across **14 states** had dismantled the **Shahzad Bhatti Network**, described as a Pakistan-based, ISI-backed terror syndicate. **253 persons were detained**, with over 200 arrests and more than 80 FIRs. The operationally significant detail is not the arrest count but the method: the operation was run on a **real-time intelligence-sharing system with State Police forces**.

Background: India's counter-terror architecture was substantially rebuilt after the Mumbai attacks of 2008, which exposed a fatal gap between intelligence collection and police action. The **National Investigation Agency** was created by statute in 2008; the **Multi-Agency Centre (MAC)** under the Intelligence Bureau was strengthened as the hub for daily inter-agency intelligence sharing with subsidiary MACs in the states; and **NATGRID** was conceived to give authorised agencies query access to databases across immigration, banking, telecom and travel. The persistent difficulty has never been a shortage of intelligence but the latency between a lead and an arrest, and the fact that police and public order are State subjects while much of the intelligence is central.

⚡ KEY FACTS

- Operation date **12 August 2026** across **14 states**; announced 17 August. **253 detained; over 200 arrests; more than 80 FIRs**.
- Recoveries reported: improvised explosive devices, **grenades bearing Pakistan Ordnance Factory markings**, pistols, live cartridges and CCTV cameras.

- The network's stated modus operandi: paying local conduits to conduct **reconnaissance of police, defence and religious sites** and to **install CCTV cameras for espionage** — outsourcing surveillance to unwitting or low-value local recruits.
- Statutory framework: the **Unlawful Activities (Prevention) Act, 1967**, amended in 2019 to permit designation of *individuals* as terrorists, not only organisations; the **NIA Act, 2008**, amended 2019 to extend extraterritorial jurisdiction.
- Institutional map: **Multi-Agency Centre (MAC)** under the Intelligence Bureau for daily inter-agency sharing; **NATGRID** for database access; **NIA** for investigation; **NSG** for intervention; State Anti-Terrorism Squads for local action.
- Police and public order are **Entries 1 and 2 of the State List**; the Centre's authority in such operations flows from Union List entries on defence, foreign affairs and CBI/NIA jurisdiction, and from cooperative mechanisms rather than direction.
- Financial dimension: terror financing is pursued under the **Prevention of Money Laundering Act, 2002** through the Enforcement Directorate and **FIU-IND**, with the **Financial Action Task Force** supplying the international standard.
- Note the honest distinction in the numbers: **detention is not arrest, and arrest is not conviction**. 253 detained and 200-plus arrested will not translate into 200 convictions, and the gap between the two is the substance of the internal-security debate.

MAINS DIMENSIONS / ANALYSIS

- The real achievement claimed here is coordination, not capture. Simultaneous action across fourteen states requires that a central lead reach fourteen State police forces in a form they can act on, with warrants and jurisdiction in place. That is the MAC architecture working as designed, and it is worth saying so.
- The conduit model is the strategically important feature. Recruiting local nationals for reconnaissance and camera installation gives the sponsor deniability, low cost and expendable assets, and it makes the threat a domestic policing problem rather than a border-interdiction problem.
- The civil-liberties dimension cannot be omitted from a serious answer. Mass detention under preventive provisions, with a large gap between detentions and eventual convictions, is precisely where counter-terror capability and constitutional guarantees collide. Article 22 safeguards, magistrate oversight and the UAPA's stringent bail threshold are the relevant points.
- The federal question is structural. Every large counter-terror operation depends on State police who are constitutionally outside central command, which is why proposals for a federal investigation framework recur and why they keep foundering on Entry 1 of the State List.
- The physical evidence — ordnance-factory-marked grenades — is the kind of material that matters in international forums such as the FATF and in bilateral demarches, and it illustrates why evidentiary rigour in such operations has a diplomatic as well as a judicial purpose.

Let's Remember This Through a Trick

MAC shares, NATGRID searches, NIA investigates, NSG intervenes. Four bodies, four verbs. And the 2019 amendments: *UAPA can now name a person; NIA can now reach abroad.*

Probable Prelims MCQ (Statement-Based)

Consider the following statements:

1. The Unlawful Activities (Prevention) Act was amended in 2019 to allow individuals to be designated as terrorists.
2. The Multi-Agency Centre functions under the Intelligence Bureau.
3. Public order and police are subjects in the Concurrent List.

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) All three

Answer: (a) 1 and 2 only. Public order and police are Entries 1 and 2 of the State List.

 PYQ LINKAGE

GS3 2021: "Analyse the multidimensional challenges posed by external state and non-state actors to India's internal security"; GS3 2018 on money laundering and its linkages with terrorism.

SECTION 04

International Relations

GS2

GS3

17 AUG

International Conventions & Land Degradation

17 August 2026 · UNCCD COP17 opens at Ulaanbaatar, Mongolia; runs to 28 August

The Forgotten Rio Convention: UNCCD COP17 Opens at Ulaanbaatar

Why in News: The **17th Conference of the Parties to the United Nations Convention to Combat Desertification** opened at **Ulaanbaatar, Mongolia, on 17 August 2026** and runs to **28 August**, under the theme "**Restoring Land, Restoring Hope.**" It brings together **197 Parties** and about ten thousand participants, and coincides with the **UN International Year of Rangelands and Pastoralists, 2026**. The host country is an unusually apt choice: nearly **77% of Mongolia's land is already degraded**.

Background: The UNCCD is the third and least-discussed of the **three Rio Conventions** that emerged from the 1992 Earth Summit — the other two being the UNFCCC on climate change and the CBD on biological diversity. Adopted in **1994** and in force from **1996**, it is the only legally binding international agreement linking environment, development and sustainable land management, and it was the only one to originate specifically in a demand from African states. Its organising concept since 2015 has been **Land Degradation Neutrality (LDN)**, embedded as **Sustainable Development Goal target 15.3** — the commitment to balance land degraded against land restored so that the net position does not worsen.

KEY FACTS

- **UNCCD adopted 1994, entered into force 1996; 197 Parties;** Secretariat at **Bonn, Germany**; Executive Secretary **Yasmine Fouad**.
- The **three Rio Conventions:** UNFCCC (climate), CBD (biodiversity), UNCCD (desertification and land degradation). Only the UNCCD has land as its subject.
- **Land Degradation Neutrality** is embedded in **SDG target 15.3**, which seeks to achieve a land-degradation-neutral world by 2030.
- **India hosted COP14 in New Delhi in 2019**, at which it raised its restoration commitment to **26 million hectares of degraded land by 2030** (from an earlier 21 million hectares), and adopted the **Delhi Declaration**.
- India's institutional machinery: the **Ministry of Environment, Forest and Climate Change** is the nodal ministry; the **Indian Council of Forestry Research and Education (ICFRE), Dehradun**, is the nodal agency; the **Space**

Applications Centre (ISRO), Ahmedabad, produces the Desertification and Land Degradation Atlas of India.

- India's own position: roughly **29–30% of India's total geographical area** is under land degradation per the SAC Atlas, with Rajasthan, Maharashtra, Gujarat, Jharkhand and Odisha among the worst affected.
- Related instruments: the **Bonn Challenge** (restore 350 million hectares globally by 2030), the **Great Green Wall** for the Sahel, and India's **Aravalli Green Wall Project**.
- The **2026–27 El Nino is forecast to be the strongest on record**, with drought across Africa and Asia forming the backdrop to this COP.

MAINS DIMENSIONS / ANALYSIS

- The UNCCD's structural weakness is that it lacks a financial mechanism comparable to the UNFCCC's Green Climate Fund or the CBD's access-and-benefit-sharing architecture. Land restoration is capital-intensive, slow-yielding and locally executed, and the absence of predictable finance is the reason LDN targets are widely pledged and thinly delivered.
- Land degradation is where climate, biodiversity and food security actually converge on the ground, yet it is governed by the weakest of the three conventions. A serious answer notes the mismatch between the integrating nature of the problem and the fragmentation of its governance.
- The rangelands and pastoralists focus is significant and under-appreciated. Rangelands cover a very large share of the terrestrial surface, support pastoral livelihoods that are chronically classified as "unproductive" in land-use statistics, and in India map onto the same open natural ecosystems misclassified as wasteland — which is also why India's grassland species are in trouble.
- India's credibility here is genuine but partial. The 26 million hectare pledge and the COP14 presidency give it standing; the continuing classification of grasslands as wasteland, and the diversion of common lands to compensatory afforestation and solar parks, cut the other way.
- For an integrated answer, connect this COP to India's own Environment Working Group priority on afforestation and land restoration announced the same day in Delhi — a country chairing BRICS on land restoration while attending a COP on land degradation is a coherence test worth naming.

Let's Remember This Through a Trick

Three Rio Conventions, three subjects: UNFCCC air, CBD life, UNCCD land. And India's number: **26 million hectares by 2030**, pledged at the COP India itself hosted in 2019.

Probable Prelims MCQ (Statement-Based)

Consider the following statements about the UNCCD:

1. It is one of the three conventions that emerged from the 1992 Rio Earth Summit.
2. Land Degradation Neutrality is embedded in Sustainable Development Goal 15.
3. India hosted the 14th Conference of the Parties in 2019.

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) All three

Answer: (d) All three.

PYQ LINKAGE

GS3 2016: "The process of desertification does not have climatic boundaries. Justify with examples"; GS3 2022 on land degradation and its remediation.

17 August 2026 · Source: PIB / MoEFCC; Environment Working Group Senior Officials' Meeting, Bharat Mandapam

What a Chairship Actually Looks Like: BRICS Working Groups Meet in Delhi and Pune

Why in News: On **17 August 2026** the **BRICS Environment Working Group** and the **Contact Group on Climate Change and Sustainable Development** held their Senior Officials' Meeting at **Bharat Mandapam, New Delhi**, chaired by the Secretary, Ministry of Environment, Forest and Climate Change. India used the meeting to set out **four priority areas** for its Chairship year. The same day, the **BRICS ICT track opened at Pune**, running to 21 August. The **12th BRICS Environment Ministers' Meeting** follows tomorrow, 18 August.

Background: India assumed the BRICS Chairship on **1 January 2026** — its fourth since 2012 — under the theme "**Building for Resilience, Innovation, Cooperation and Sustainability**," which is itself an acronym of the grouping's name. A chairship is not exercised at the summit; it is exercised through the working-group calendar that decides what the summit will be asked to endorse. The **Environment Working Group was established in 2015** at the first BRICS Environment Ministers' Meeting in Moscow, and the **Contact Group on Climate Change and Sustainable Development was added in 2024**. The **18th BRICS Summit** is scheduled for New Delhi on **12–13 September 2026**.

⚡ KEY FACTS — INDIA'S FOUR ENVIRONMENT PRIORITIES

- **Priority I — Promoting Sustainable Lifestyles:** mindful consumption, community practices and knowledge sharing (the international extension of the LiFE initiative).
- **Priority II — Afforestation, Forest Fire Management and Disaster Resilience:** land restoration, integrated landscape-based greening, and fire prevention, preparedness, early detection and rapid response.
- **Priority III — Circular Economy:** waste management, **Extended Producer Responsibility (EPR)** policy frameworks and resource-use efficiency.
- **Priority IV — Adaptation:** people-centric, community-led adaptation built on **traditional knowledge systems**.
- The **Environment Working Group was established in 2015** at the first BRICS Environment Ministers' Meeting in **Moscow**; the **Contact Group on Climate Change and Sustainable Development dates from 2024**.
- Delegations participating in today's meeting, per the official release: **Brazil, China, Egypt, Ethiopia, Indonesia, Iran, Russia, South Africa and the UAE**, with India in the chair. *Note: BRICS membership is commonly given as eleven including Saudi Arabia, whose position has been reported ambiguously; we list who the release records as participating rather than asserting a headcount.*
- Run-up process ran **March to July 2026** through dialogues on resource efficiency and circular economy and on aligning carbon markets with adaptation goals, and webinars on land degradation and on integrated wildfire management.
- The parallel **BRICS ICT track at Pune, 17–21 August**, themed "Innovate, Cooperate and Transform for a Resilient Future," comprises the 7th ICT Working Group, the Digital BRICS Forum and Expo, and the **12th BRICS Communications Ministers' Meeting on 21 August**. Its four pillars: resilient ICT ecosystems, cybersecurity and trustworthy ICT, digital skilling, and innovation and startups.
- The grouping's institutions: the **New Development Bank** (Shanghai, established 2014 at Fortaleza) and the **Contingent Reserve Arrangement**.

🎯 MAINS DIMENSIONS / ANALYSIS

- The four priorities are a precise map of where India believes it has exportable domestic experience: LiFE becomes sustainable lifestyles, the Extended Producer Responsibility rules become circular economy, forest fire management becomes disaster

resilience, and traditional knowledge becomes community-led adaptation. Chairships are used to universalise national frameworks, and this is a clean example.

- Priority II is the most consequential and the least noticed. It aligns with a global evidence base showing that protected forests are burning at accelerating rates, and it gives BRICS a technical agenda on which agreement is genuinely possible — unlike fossil-fuel transition, where the bloc's members are structurally opposed.
- That heterogeneity is the standing limitation. A grouping containing major hydrocarbon exporters alongside states pursuing rapid renewable deployment cannot produce a common position on phasing down fossil fuels, which is the question on which recent COPs have actually turned. BRICS environmental cooperation is therefore strongest precisely where it is least contentious.
- The bloc's comparative advantage over other groupings is that it owns a bank. Environmental declarations acquire force only if they shape New Development Bank lending criteria, and that is the test to apply to whatever emerges tomorrow.
- Two ministerials in one week, in two cities, on environment and on digital, is what a chairship looks like operationally. The summit ratifies; the working groups decide. Answers that treat multilateral groupings as summit-shaped miss where the drafting happens.

MEMORY TECHNIQUE — RETURNING TOPIC

Yesterday we carried the *announcement* that India would host these meetings. Today they actually met and produced content, so the topic returns with the four priorities attached. Fix them by their first letters — **L-A-C-A: Lifestyles, Afforestation, Circular economy, Adaptation**. Four priorities, one chairship year.

Probable Prelims MCQ (Statement-Based)

Consider the following statements:

1. The BRICS Environment Working Group was established in 2015 at Moscow.
2. The New Development Bank is headquartered in Shanghai.
3. India assumed the BRICS Chairship for 2026 on 1 January 2026.

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) All three

Answer: (d) All three.

PYQ LINKAGE

GS2 2019 and 2023 on the significance of groupings such as BRICS for India's interests; Prelims has tested the NDB, the CRA and BRICS membership repeatedly.

SECTION 05

Defence & Military Diplomacy

GS3

GS2

17 AUG

Defence Procurement & Maritime Security

India Leases Two Sea Guardians: Why a Rental Agreement Is a Procurement Doctrine

Why in News: The Ministry of Defence signed a contract on **17 August 2026** with **General Atomics Aeronautical Systems** for the **lease** — not the purchase — of **two MQ-9B Sea Guardian** High-Altitude Long-Endurance Remotely Piloted Aircraft Systems for the **Indian Navy**. The lease runs **30 months** at approximately **₹1,943 crore**. The stated purpose is enhanced **Maritime Domain Awareness** and persistent surveillance coverage over the Indian Ocean Region.

Background: Leasing was introduced as a formal acquisition category in the **Defence Acquisition Procedure of 2020**, alongside the traditional Buy and Buy-and-Make routes. The rationale is that certain capabilities — surveillance, transport, training and simulation — can be obtained faster and with lower capital outlay by renting rather than owning, and that leasing lets a service test a platform operationally before committing to a large capital purchase. The Navy has in fact been operating leased Sea Guardians since **2020**, and India separately signed a much larger agreement in **October 2024** for the purchase of **31 MQ-9B aircraft** across the three services at a reported cost of about USD 3.5 billion. Today's contract is therefore a bridge, not a substitute.

⚡ KEY FACTS

- **Two MQ-9B Sea Guardian** HALE RPAS, leased for the **Indian Navy**, **30 months**, approximately **₹1,943 crore**, from **General Atomics Aeronautical Systems, Inc.**
- The MQ-9B family comprises the **SeaGuardian** (maritime) and **SkyGuardian** (land) variants; endurance is in excess of 30 hours, with a service ceiling above 40,000 feet.
- **Leasing** was introduced as a distinct acquisition category in the **Defence Acquisition Procedure (DAP) 2020**; a **Draft DAP 2026** is currently in circulation.
- India signed an agreement in **October 2024** for **31 MQ-9B** aircraft — 15 SeaGuardians for the Navy and 8 SkyGuardians each for the Army and Air Force — at a reported cost of about **USD 3.5 billion**.
- **Maritime Domain Awareness** is the effective understanding of anything in the maritime domain that could affect security, safety, the economy or the environment — the doctrinal term underpinning this acquisition.
- Supporting Indian architecture: the **Information Fusion Centre – Indian Ocean Region (IFC-IOR)** at Gurugram, established 2018, and the coastal radar chain built after 26/11.
- India and the United States are parties to the foundational agreements **LEMOA** (2016, logistics), **COMCASA** (2018, secure communications) and **BECA** (2020, geospatial intelligence) — BECA in particular is what makes high-end ISR platforms interoperable.
- One outlet has framed this lease as replacing an aircraft lost in a crash in September; that framing does **not** appear in the Ministry's release and we treat it as unconfirmed.

🎯 MAINS DIMENSIONS / ANALYSIS

- Leasing solves a genuine problem in Indian defence procurement: the time between an operational requirement being recognised and a capability arriving. Renting converts a capital decision into a revenue decision, which moves faster and requires fewer approvals.
- The cost of that speed is that nothing is owned at the end. Roughly ₹1,943 crore over 30 months leaves the exchequer with no asset, no transferred technology and no domestic industrial participation — which sits awkwardly beside the self-reliance framework that governs the rest of defence policy.
- The strategic driver is the Indian Ocean Region's surveillance gap. India's area of maritime interest extends from the Persian Gulf to the Malacca Strait, and persistent unmanned surveillance is the only cost-realistic way to maintain continuous awareness across it, particularly of extra-regional naval deployments and of the sea lanes carrying India's energy imports.

- There is a dependency question worth stating plainly. High-end ISR platforms come with proprietary ground segments, mission software and data links; leasing deepens reliance on a single foreign supplier for a capability that is becoming central to maritime operations.
- The honest counterpoint is that India's indigenous MALE and HALE unmanned programmes have not yet delivered at this capability level, and that waiting for them would leave the surveillance gap open. Leasing is best read as a considered interim, provided it does not become permanent.

💡 Let's Remember This Through a Trick

Sea for sea, Sky for land — SeaGuardian is the maritime variant, SkyGuardian the land one. And the three foundational agreements in order: **LEMOA 2016 logistics, COMCASA 2018 communications, BECA 2020 geospatial.**

🎯 Probable Prelims MCQ (Statement-Based)

Consider the following statements:

1. Leasing was introduced as an acquisition category in the Defence Acquisition Procedure of 2020.
2. BECA is the India-US agreement relating to geospatial intelligence sharing.
3. The Information Fusion Centre for the Indian Ocean Region is located at Gurugram.

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) All three

Answer: (d) All three.

📄 PYQ LINKAGE

GS3 2023 on defence procurement reform and indigenisation; GS2 2021 on India-US strategic convergence in the Indo-Pacific.

GS2

GS3

16-17 AUG

India & its Neighbourhood; Bilateral Groupings

16-17 August 2026 · Sources: PIB / MoD releases on Exercise MAITREE-XV, the Army Chief's Nepal visit and INS Sudarshini

Three Instruments in One Week: How Defence Diplomacy Is Actually Conducted

Why in News: Three distinct defence-diplomacy instruments were in play on **16-17 August 2026**. An Indian Army contingent departed for **Exercise MAITREE-XV** with the Royal Thai Army. The **Chief of the Army Staff** was conferred the honorary rank of **General of the Nepal Army** by the President of Nepal, under a reciprocal tradition dating to 1950. And the sail training ship **INS Sudarshini**, on the ten-month **Lokayan 26** voyage, concluded its port call in the Azores and set sail for Lisbon. Read together they are a compact illustration of the three modes through which militaries conduct foreign policy.

Background: Defence diplomacy is the use of military assets and relationships for non-coercive foreign-policy purposes, and it operates through recognisable instruments: **joint exercises** build interoperability and signal alignment; **ceremonial and institutional ties** such as honorary ranks and training exchanges create durable relationships that survive political change; and **naval port visits** project presence and goodwill at low cost across long distances. India's practice has expanded substantially, and the Navy in particular functions as the country's most visible diplomatic instrument in the Indian Ocean and beyond.

⚡ KEY FACTS

- **Exercise MAITREE-XV** with the **Royal Thai Army: 18–31 August 2026** at **Vibhavadi Rangsit Camp, Surat Thani, Thailand**. **85 personnel from each side**; the Indian contingent drawn primarily from the **9 Gorkha Rifles**. Instituted in **2006**; focus on joint counter-insurgency and counter-terrorist operations in jungle and semi-urban terrain under **Chapter VII of the UN Charter**. The previous edition was held at Umroi Cantt, Meghalaya, in September 2025.
- **India-Nepal honorary rank**: the Chief of the Army Staff was conferred the honorary rank of **General of the Nepal Army** by the President of Nepal on **17 August 2026**. The **reciprocal tradition dates to 1950** — each country confers the honorary rank of General on the other's army chief.
- The 1950 date is not incidental: it is also the year of the **India-Nepal Treaty of Peace and Friendship**, which underpins the open border, national treatment for citizens and the Gorkha recruitment arrangement.
- **Lokayan 26**: a **ten-month transoceanic voyage** by the Navy's sail training ship **INS Sudarshini**, begun **20 January 2026** — over **22,000 nautical miles** and **18 foreign ports across 13 countries**.
- The voyage advances the **MAHASAGAR** vision — Mutual and Holistic Advancement for Security And Growth Across Regions — which succeeded and broadened the earlier SAGAR framework.
- Recent Lokayan milestones: New York for the US International Naval Review in July 2026; a 19-day trans-Atlantic passage from Boston; port call at **Ponta Delgada, Azores**, from 13 August; Independence Day marked there on 15 August; now sailing for **Lisbon**, with a joint **PASSEX** with the Portuguese Navy sail training vessel scheduled for **21 August**.
- India's wider bilateral exercise vocabulary, worth memorising by partner: **MAITREE** (Thailand), **YUDH ABHYAS** (US), **INDRA** (Russia), **SURYA KIRAN** (Nepal), **SAMPRITI** (Bangladesh), **MITRA SHAKTI** (Sri Lanka), **GARUDA SHAKTI** (Indonesia), **VAJRA PRAHAR** (US Special Forces), **HAND-IN-HAND** (China).

🎯 MAINS DIMENSIONS / ANALYSIS

- The three instruments do different work and should not be flattened into one. An exercise builds capability and interoperability; an honorary rank builds institutional memory that outlasts governments; a sail training ship builds visibility and goodwill in places where India has no other presence. Defence diplomacy fails when a state uses only one of the three.
- The India-Nepal relationship is the clearest case for why the ceremonial instrument matters. Political relations have been episodically difficult over boundary questions and constitutional amendments, yet the army-to-army relationship — honorary ranks, Gorkha recruitment, the Surya Kiran exercise, pensions and welfare — has proved unusually resilient. Institutional ties act as a shock absorber.
- Thailand's significance is understated in most answers. It is a mainland ASEAN state on the Andaman approaches, a partner in BIMSTEC and the Mekong-Ganga Cooperation, and the eastern anchor of the India-Myanmar-Thailand Trilateral Highway. MAITREE is the military expression of Act East.
- A sail training ship is a deliberate choice of instrument. It carries cadets rather than weapons, requires no host-nation political cover, and its presence at events such as an international naval review buys visibility that a warship visit could not. Cost-effectiveness is the whole point.
- The critical question to raise is continuity. India conducts a very large number of bilateral exercises, and volume can substitute for depth. The measure of a defence-diplomacy programme is whether exercises progress in complexity across editions, not how many are held.

💡 Let's Remember This Through a Trick

Match the exercise to the partner by the name's own logic: **MAITREE** (friendship) with Thailand, **SURYA KIRAN** with Nepal, **SAMPRITI** (harmony) with Bangladesh, **MITRA SHAKTI** with Sri Lanka, **GARUDA SHAKTI** with Indonesia. And **MAHASAGAR** is the successor to SAGAR — the ocean got bigger.

Probable Prelims MCQ (Statement-Based)

Consider the following pairs of joint military exercises and partner countries:

1. MAITREE — Thailand
2. SAMPRITI — Sri Lanka
3. GARUDA SHAKTI — Indonesia

Which of the pairs given above is/are correctly matched?

(a) 1 and 2 only (b) 1 and 3 only (c) 2 and 3 only (d) All three

Answer: (b) 1 and 3 only. SAMPRITI is with Bangladesh; MITRA SHAKTI is with Sri Lanka.

PYQ LINKAGE

GS2 2020 and 2023 on India's relations with its neighbours and on bilateral groupings; Prelims tests exercise-partner matching almost every year.

SECTION 06

Science, Technology & Energy

GS3

17 AUG

Frontier Technology — Quantum Computing

17 August 2026 · Source: industry reporting on the Phase 2 inauguration at Jakkur, Bengaluru

A Quantum Foundry at Jakkur: 128 Qubits Today, 10,000 Promised by 2027

Why in News: On **17 August 2026**, the Bengaluru firm **QpiAI** inaugurated **Phase 2** of its quantum processing unit manufacturing facility at **Jakkur, Bengaluru** — an **eight-inch fabrication line** with in-house lithography, etching, patterning, assembly and packaging, and Class 100 and Class 1,000 clean rooms. Current capability is **flip-chip superconducting processors of up to 128 qubits**; the stated Phase 3 target for **2027 is processors of up to 10,000 physical qubits**. The company was the first backed through the startup programme of India's **National Quantum Mission**.

Background: A **qubit** differs from a classical bit in that it can occupy a superposition of states, and qubits can be **entangled** so that the state of one is correlated with another regardless of separation. The practical obstacle is **decoherence**: qubits lose their quantum state through interaction with the environment, which is why superconducting processors operate at temperatures near absolute zero. Because physical qubits are error-prone, useful computation requires **error correction**, in which many physical qubits are combined into one reliable **logical qubit**. This is why raw qubit counts are a poor measure of capability. The **National Quantum Mission** was approved in **April 2023** with an outlay of **₹6,003.65 crore** for 2023-24 to 2030-31.

KEY FACTS

- **National Quantum Mission:** approved **April 2023**, outlay **₹6,003.65 crore**, period **2023-24 to 2030-31**, under the Department of Science and Technology, with **four thematic hubs** — quantum computing, quantum communication,

quantum sensing and metrology, and quantum materials and devices.

- The company has fabricated four processors: **QVidya (8 qubits)**, **Indus (25 qubits)** and **Kaveri (64 qubits)**, all **transmon**-based, and **Yukti (9 qubits)**, based on a **fluxonium** design said to show promise for error-corrected logical qubits.
- **Transmon** and **fluxonium** are competing superconducting qubit architectures; transmon is the industry standard, fluxonium offers longer coherence at the cost of greater control complexity.
- Investment: about **USD 20–25 million** committed with a further USD 10–15 million planned; the facility sits within a **70,000 square foot** R&D centre; roughly **20% of inputs are currently imported**.
- The company raised a **USD 32 million Series A in 2025**, led by a venture fund together with the National Quantum Mission, and was one of **eight startups** selected under the Mission's startup programme.
- Qubit modalities to distinguish: **superconducting** (fast gates, cryogenic), **trapped ion** (long coherence, slower), **photonic** (room temperature, hard to entangle) and **spin/semiconductor** qubits.
- Quantum computing's headline applications are **Shor's algorithm** for integer factorisation — which threatens RSA-based public-key cryptography — and **Grover's algorithm** for unstructured search, alongside quantum simulation of molecules for drug and materials discovery.
- The corresponding defensive field is **post-quantum cryptography**, and separately **quantum key distribution**, which uses quantum properties to detect eavesdropping on a key exchange.

MAINS DIMENSIONS / ANALYSIS

- The significant fact here is *fabrication*, not qubit count. India has had quantum research groups for years; what has been missing is the ability to manufacture the devices domestically. An eight-inch line with in-house packaging closes a genuine gap between designing a processor and possessing one.
- **The honest caveat, which most coverage omits:** qubit count alone establishes nothing. Yield, coherence time, gate fidelity and qubit connectivity determine whether a processor can compute, and a 10,000-physical-qubit device with poor fidelity may deliver fewer usable logical qubits than a smaller, cleaner one. No performance specifications were disclosed for the proposed 2027 device.
- The strategic case is defensive as much as commercial. A cryptographically relevant quantum computer would break the public-key cryptography protecting financial systems, government communications and stored data — and adversaries can harvest encrypted traffic now to decrypt later. Sovereign capability matters for knowing what is possible, not only for doing it.
- The National Quantum Mission's design deserves credit for funding startups rather than only laboratories. Quantum hardware requires the iterative fabricate-test-refine cycle that firms are structurally better at sustaining than grant-funded academic groups.
- The comparative position should be stated without either triumphalism or defeatism. The mission's outlay is smaller than the equivalent Chinese, American and European commitments, and India is entering a field where leaders have a decade's head start. The realistic ambition is capability sufficient to avoid dependence, not global leadership.

Let's Remember This Through a Trick

Many physical qubits make one logical qubit — that ratio, not the headline number, is the real measure. And the Mission's four hubs: **compute, communicate, sense, and the materials to do all three.**

Probable Prelims MCQ (Statement-Based)

Consider the following statements:

1. The National Quantum Mission was approved in 2023 with four thematic hubs.
2. Shor's algorithm, if run on a sufficiently capable quantum computer, would threaten RSA-based public-key cryptography.

3. A logical qubit is typically constructed from many physical qubits through error correction.

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) All three

Answer: (d) All three.

PYQ LINKAGE

GS3 2022 and 2023 on developing new technology and its indigenisation; Prelims 2022 tested quantum key distribution and quantum computing fundamentals.

GS3

GS2

17 AUG

Energy Law & Regulatory Independence

17 August 2026 · Source: Supreme Court proceedings; limited notice issued on two questions

Can Parliament Cap What a Court May Award? The SHANTI Act Reaches the Supreme Court

Why in News: On **17 August 2026** the Supreme Court issued **limited notice** on a challenge to the **SHANTI Act, 2025**, which repealed the Civil Liability for Nuclear Damage Act of 2010 and opened nuclear power generation to private participation while **capping operator liability at ₹3,000 crore**. Notice was issued on two questions. First, whether courts are precluded from granting fair and just compensation notwithstanding the statutory cap — the Chief Justice observing that *"even if Parliament has capped the liability of operators, it does not preclude the court from granting fair and just compensation."* Second, whether the appointment of members of the atomic energy regulator, on the recommendation of a panel constituted by the body that operates atomic power stations, is a structural conflict of interest.

Background: Indian tort law on hazardous industry was shaped by the Bhopal gas disaster. In ***M.C. Mehta v. Union of India (1987)***, the Oleum gas leak case, the Supreme Court departed from the English rule in *Rylands v. Fletcher* and laid down the doctrine of **absolute liability**: an enterprise engaged in a hazardous activity is absolutely and non-delegably liable for harm, with no exceptions, and compensation must be correlated to the enterprise's capacity to pay. The 2010 nuclear liability statute, enacted to enable the civil nuclear agreement, capped operator liability and channelled all claims to the operator, but retained a supplier-recourse provision that foreign vendors found unacceptable. The SHANTI Act removed that architecture. The petitioners — scientists and former civil servants — contend the new scheme violates **Articles 14, 19 and 21**.

KEY FACTS

- The **SHANTI Act — Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India** — received assent in **December 2025**; it repealed the **Atomic Energy Act, 1962** and the **Civil Liability for Nuclear Damage Act, 2010**.
- It **caps operator liability at ₹3,000 crore** and permits **private companies** to set up civil nuclear plants.
- The regulatory objection concerns **Section 17(4)**: members of the atomic energy regulatory body are appointed on the recommendation of a search-and-selection panel constituted by the **Atomic Energy Commission** — the body that itself operates atomic power stations.
- The **Atomic Energy Regulatory Board (AERB)** has been criticised since a **CAG performance audit of 2012** for lacking statutory independence, being constituted by executive order rather than by statute and reporting to the same department it regulates.

- **M.C. Mehta v. Union of India (1987)** established **absolute liability** for hazardous enterprises, displacing the strict-liability exceptions of *Rylands v. Fletcher* (1868).
- India is a party to the **Convention on Supplementary Compensation for Nuclear Damage (CSC)**, ratified in 2016, which channels liability to the operator and provides an international supplementary fund.
- Comparative scale of the argument: damages from the Chernobyl and Fukushima accidents have been estimated in the hundreds of billions of dollars, against a cap here below ₹4,000 crore.
- The Court had earlier observed, in **May 2026**, that the issues raised touch on economic policy — the standard ground for judicial restraint, which makes today's limited notice significant.

MAINS DIMENSIONS / ANALYSIS

- The first question is a genuine separation-of-powers problem with no easy answer. Parliament may certainly legislate on liability; but if absolute liability is an emanation of Article 21, a statutory cap that leaves victims uncompensated is not merely a policy choice but a constitutional one. The Court's framing — that a cap on the *operator* need not cap the *court* — is a way of preserving both.
- The economic logic of a cap is real and should be stated fairly. Nuclear operators cannot obtain insurance against unlimited liability, and without a defined ceiling private capital will not enter the sector at all. A cap is the price of the investment the 100 GW target depends on.
- The counter-argument is that capping liability transfers the residual risk from the operator to the public, and in doing so weakens the incentive to invest in safety at exactly the margin where it matters most. Who bears the tail risk determines who takes care.
- The regulatory-independence point is the stronger of the two and the more likely to succeed. A regulator selected by a panel constituted by the entity it regulates fails the appearance-of-independence test even if every appointee is impeccable, and India's own experience with the AERB since the 2012 CAG audit gives the objection an evidentiary base.
- For a balanced answer, hold both: India needs nuclear capacity for a decarbonised grid, and it needs a regulator that can say no to the industry it oversees. The two requirements are not in conflict — a credible regulator is what makes public consent for expansion possible.

MEMORY TECHNIQUE — RETURNING TOPIC

Yesterday we carried the SHANTI Act as **energy policy** — 100 GW by 2047, the Kalpakkam breeder, the end of the state monopoly. Today it returns as a **constitutional challenge**. That is the pattern to internalise: a major statute is first a policy story, then a litigation story, and the strongest answers can hold both. **One Act, two questions: what a court may award, and who may pick the regulator.**

Probable Prelims MCQ (Statement-Based)

Consider the following statements:

1. The doctrine of absolute liability was laid down by the Supreme Court in the Oleum gas leak case.
2. Absolute liability, unlike strict liability, admits no exceptions.
3. India is a party to the Convention on Supplementary Compensation for Nuclear Damage.

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) All three

Answer: (d) All three.

PYQ LINKAGE

GS3 2018 and 2023 on nuclear energy and its regulation; GS2 2019 on regulatory bodies and their independence; GS4 has repeatedly used Bhopal as an ethics case.

SECTION 07

Economy

GS3

GS1

17 AUG

Employment & Human Resources

17 August 2026 · Source: PIB / MoSPI — Periodic Labour Force Survey Monthly Bulletin, July 2026

Unemployment Falls to 5.1% — But Only in the Villages

Why in News: The **Periodic Labour Force Survey Monthly Bulletin for July 2026**, released on **17 August 2026**, puts the all-India unemployment rate for persons aged 15 and above at **5.1%**, down from 5.5% in June. Two features of the release matter more than the headline. The improvement is **entirely rural** — rural unemployment fell from 5.0% to 4.5% while **urban unemployment rose** from 6.6% to 6.7%, and urban female unemployment rose from 8.4% to 8.8%. And **female labour force participation jumped 1.7 percentage points in a single month**, from 32.7% to 34.4%, an unusually large monthly movement.

Background: The PLFS is conducted by the **National Statistical Office** under the **Ministry of Statistics and Programme Implementation**, and replaced the old quinquennial employment-unemployment surveys in 2017-18. Until recently it produced quarterly bulletins for urban areas only, plus an annual report covering both. The move to a **monthly bulletin covering rural and urban areas** is a significant methodological upgrade, giving India a high-frequency official labour series for the first time. Monthly estimates use the **Current Weekly Status** approach, in which a person is counted as employed if engaged in any economic activity for at least one hour on any day in the preceding seven days.

Indicator (age 15+, Current Weekly Status)	July 2026	June 2026
Unemployment rate, all-India	5.1%	5.5%
Rural unemployment	4.5%	5.0%
Urban unemployment	6.7%	6.6%
Male unemployment	5.0%	5.3%
Urban female unemployment	8.8%	8.4%
Labour Force Participation Rate	55.4%	54.4%
Female LFPR	34.4%	32.7%

⚡ KEY FACTS — THE DEFINITIONS THE EXAMINER TESTS

- **Labour Force Participation Rate (LFPR):** persons working or seeking work, as a share of the population. **Worker Population Ratio (WPR):** persons employed as a share of the population. **Unemployment Rate (UR):** persons

seeking work as a share of the *labour force*, not of the population.

- **Usual Status** uses a 365-day reference period (principal plus subsidiary activity); **Current Weekly Status** uses seven days. Monthly bulletins use CWS, which is why monthly and annual figures are not directly comparable.
- Under CWS a person counts as employed with **as little as one hour** of economic activity in the reference week — the reason India's measured unemployment appears low relative to perceived job scarcity.
- The PLFS is conducted by the **National Statistical Office** under **MoSPI**; it replaced the quinquennial NSSO employment surveys from **2017-18**.
- The definitional issue that dominates Indian labour statistics is **disguised unemployment** and **underemployment** — people counted as employed while working far below capacity, concentrated in agriculture and informal services.
- Roughly **90% of India's workforce is in the informal sector**, which is why formal-sector indicators such as EPFO payroll additions capture only a fraction of employment change.
- Complementary official sources: the **EPFO payroll data** for formal employment, the **e-Shram portal** for unorganised workers, and the **Quarterly Employment Survey** for establishments.
- A jump of **1.7 percentage points in female LFPR in one month** is large enough that seasonality — monsoon-season agricultural absorption — is the most probable explanation, and the figure should be read with that caution.

MAINS DIMENSIONS / ANALYSIS

- The rural-urban divergence is the analytically important finding and it points to a seasonal rather than a structural improvement. Kharif sowing absorbs labour, and a rural unemployment fall in July is what one expects. The urban figure, which rose, is the better indicator of underlying non-farm labour demand.
- Rising female LFPR is genuinely welcome but requires careful interpretation. In low-income settings, participation can rise either because opportunities improved or because household distress pushed women into work — the "added worker effect". Whether this is an opportunity story or a distress story cannot be settled from the participation rate alone; the composition of the work matters.
- India's female LFPR remains low by international comparison and follows the classic U-shaped relationship with development — falling as household incomes rise and women withdraw from agricultural labour, then rising again only when service-sector opportunities and social norms permit. India has been at the trough of that curve for a long time.
- The measurement critique should be made explicitly rather than implied. A one-hour-per-week employment threshold means the unemployment rate is close to useless as a measure of livelihood adequacy; the more informative series are the employment-to-population ratio, the share of regular salaried work, and real wage growth.
- For policy, the urban number is the one that should worry a planner. Urban unemployment above 6.5% with rising female urban unemployment suggests that non-farm job creation is not keeping pace with urban labour supply — which is the central economic problem of India's demographic window.

Let's Remember This Through a Trick

LFPR counts those in the queue; WPR counts those who got in; UR is the share of the queue still waiting. And remember the threshold that flatters every Indian employment figure: **one hour in seven days**.

Probable Prelims MCQ (Statement-Based)

Consider the following statements about the Periodic Labour Force Survey:

1. It is conducted by the National Statistical Office under MoSPI.
2. The unemployment rate is calculated as a proportion of the labour force, not of the total population.
3. Under Current Weekly Status, a person is counted as employed only if engaged in economic activity for at least four hours a day.

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) All three

Answer: (a) 1 and 2 only. The CWS threshold is one hour on any day in the reference week.

 PYQ LINKAGE

GS3 2023: "Distinguish between 'jobless growth' and 'growth with jobs'"; GS1 2022 on women's participation in the workforce and its determinants.

GS3

14-17 AUG

External Sector & Monetary Management

Announced by RBI after market hours on 14 August 2026; widely reported 17 August

A Facility Withdrawn Because It Worked: The RBI Closes Its FCNR(B) Swap Window Early

Why in News: The Reserve Bank has brought forward the closure of the special dollar-rupee swap facility it opened for **FCNR(B) deposits** and foreign-currency borrowings. The deposit-mobilisation window now closes on **31 August 2026**, with corresponding swaps permitted until **11 September**. The reason is that the facility over-performed: total inflows reached about **USD 56.85 billion by 13 August**, of which **FCNR(B) deposits alone exceeded USD 52 billion**. The leg covering external commercial borrowings and overseas foreign currency borrowings remains open until **31 December 2026** as originally scheduled.

Background: An **FCNR(B) account** — Foreign Currency Non-Resident (Bank) — is a term deposit that a non-resident Indian may hold with an Indian bank **denominated in a foreign currency**, so that the depositor bears no rupee exchange risk. The bank, however, does: it receives dollars and must eventually repay dollars, while lending in rupees. A **swap facility** resolves this. The RBI takes the dollars from the bank now, gives rupees, and contracts to reverse the exchange at a pre-agreed rate on maturity. The bank is hedged, the RBI accumulates reserves, and the country obtains stable medium-term foreign-currency inflows. India has used this instrument at moments of external pressure before, most famously in 2013, when a similar concessional swap window mobilised a comparable order of magnitude during the taper-tantrum rupee crisis.

KEY FACTS

- The special swap facility was introduced on **8 June 2026**, covering **FCNR(B) deposits, External Commercial Borrowings and Overseas Foreign Currency Borrowings**.
- **Deposit-mobilisation window brought forward to 31 August 2026**; corresponding swaps with the RBI may be undertaken until **11 September 2026**. The **ECB/OFCB leg remains open to 31 December 2026**.
- Total reported inflows under the facility: about **USD 56.85 billion by 13 August 2026**, of which **FCNR(B) deposits alone exceeded USD 52 billion**.
- **NRI deposit types to distinguish:** **FCNR(B)** is foreign-currency denominated and the bank bears exchange risk; **NRE** (Non-Resident External) is rupee-denominated, fully repatriable, with the depositor bearing exchange risk; **NRO** (Non-Resident Ordinary) is rupee-denominated with limited repatriability and is taxable in India.
- NRI deposits are classified in the balance of payments under the **capital account**, and are a form of external debt — not a current-account receipt like remittances.
- Context: the **Monetary Policy Committee** held the repo rate at **5.25%** with a neutral stance at its early-August meeting; the minutes are due on 20 August.

- A precedent worth citing: in **2013**, during the taper-tantrum rupee crisis, the RBI ran a concessional FCNR(B) swap window that mobilised a comparable magnitude of foreign currency and is credited with stabilising the rupee.
- Instruments of RBI exchange-rate management: spot and forward market intervention, this kind of swap window, changes in interest-rate differentials, and administrative measures on capital flows.

MAINS DIMENSIONS / ANALYSIS

- Withdrawing a successful facility looks counter-intuitive and is in fact good central banking. Every dollar swapped in creates rupee liquidity that must be sterilised, and the RBI carries the forward-cover cost. A swap window is emergency plumbing, not a permanent tap, and closing it early is a signal of confidence rather than of trouble.
- The composition of the inflow deserves attention. FCNR(B) money is **debt**, not equity, and it is term money that must be repaid in foreign currency. It cushions the rupee in the short run while adding to external liabilities in the medium run — a trade India has made repeatedly and should make consciously.
- The instrument works because of the diaspora. India's ability to mobilise more than fifty billion dollars from non-residents in about ten weeks is a structural advantage that few economies possess, and it belongs in any answer on India's external-sector resilience alongside remittances and reserves.
- The macro backdrop matters. With crude elevated and the current-account deficit projected to widen, a large non-debt-creating cushion was not available, so the authorities reached for the debt-creating one. That is a defensible choice, and naming it as a choice is what distinguishes a good answer.
- The comparison to 2013 is instructive and should be handled carefully. Then, the swap was a crisis response to a disorderly rupee; now it appears pre-emptive, with the facility closed early because reserves are comfortable. Same instrument, different posture — which is itself evidence of improved external management.

Let's Remember This Through a Trick

Three NRI accounts, three risk-bearers: **FCNR(B) — the bank bears the currency risk; NRE — the depositor does; NRO — the taxman gets involved.**

Probable Prelims MCQ (Statement-Based)

Consider the following statements:

1. An FCNR(B) deposit is denominated in a foreign currency.
2. NRI deposits are recorded under the capital account of the balance of payments.
3. In a dollar-rupee swap with the RBI, the transaction is reversed at a pre-agreed exchange rate on maturity.

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) All three

Answer: (d) All three.

PYQ LINKAGE

GS3 2022 and 2019 on the balance of payments, capital account convertibility and exchange-rate management; Prelims has repeatedly tested NRE versus FCNR(B).

Free for Users, Costly to Run: The Return of MDR to UPI

Why in News: Parliament amended the **Payment and Settlement Systems Act on 4 August 2026**, creating the first legal authority since 2020 to restore a **Merchant Discount Rate** on UPI transactions. Consumers and person-to-person transfers remain free; any charge would apply only to a limited set of merchant transactions above a threshold, at a rate well below card MDR. The Act itself sets **no rate and specifies no merchant category** — everything is delegated to a steering committee headed by the National Payments Corporation of India. Commentary on **17 August** has focused on the design questions that remain unresolved.

Background: The **Merchant Discount Rate** is the fee a merchant pays on a digital transaction, shared among the acquiring bank, the issuing bank (as interchange) and the network. In **2020**, India mandated **zero MDR on UPI and RuPay debit cards** to accelerate adoption. Adoption duly followed, and UPI became the world's largest real-time retail payments system by volume. But the infrastructure that carries it — switches, servers, fraud systems, dispute resolution, settlement — costs money regardless of price, and government incentive payments intended to compensate the ecosystem have covered an estimated **11 to 14 per cent** of actual costs. The gap has been absorbed by banks and payment providers, with predictable effects on investment.

⚡ KEY FACTS

- The **Payment and Settlement Systems Act, 2007** is the governing statute; the **RBI** is the designated authority under it. The **4 August 2026 amendment** creates the legal basis for MDR on UPI.
- **Zero MDR** on UPI and RuPay debit cards was mandated from **1 January 2020** through an amendment to the Income Tax Act and the PSS Act.
- Government incentive payments to compensate for zero MDR have covered an estimated **11–14% of the industry's actual infrastructure costs**.
- Decisions on rate and applicability are delegated to the **UPI and Services Steering Committee headed by NPCI** — the statute prescribes neither.
- **Consumers and person-to-person transactions remain free**; any MDR would apply to merchant transactions above a threshold, at a nominal rate.
- **NPCI** is an umbrella organisation for retail payments, incorporated in **2008** under Section 8 of the Companies Act as a not-for-profit, promoted by banks under the aegis of the RBI and the Indian Banks' Association.
- MDR components: **interchange** to the issuing bank, a **network fee**, and the acquirer's margin. For credit cards MDR typically runs around 1.5–2.5%; any UPI MDR is signalled to be a small fraction of that.
- UPI is part of India's **Digital Public Infrastructure** stack alongside Aadhaar and DigiLocker, and its interoperability is what distinguishes it from closed-loop wallet systems.

🔗 MAINS DIMENSIONS / ANALYSIS

- The economic case is straightforward: a service priced at zero and subsidised at a small fraction of cost will be under-invested in. Fraud prevention, uptime and dispute resolution are exactly the capabilities that degrade when there is no revenue attached to them, and UPI's scale makes degradation a systemic risk rather than a commercial one.
- The case against is a public-goods argument with real force. UPI's ubiquity was built on being free, its network effects depend on universal merchant acceptance, and the smallest merchants — for whom a nominal fee is a real cost — are precisely those whose adoption represented the greatest financial-inclusion gain. A threshold design is an attempt to answer this, and whether it works depends entirely on where the threshold sits.
- The delegation is the sharpest institutional criticism available. Parliament has created the power and specified none of its content, leaving rate, threshold and merchant categorisation to a committee headed by NPCI — which is itself an interested

party as the network operator. That is a conflict worth naming, and it echoes the regulatory-independence question arising elsewhere in today's edition.

- There is a comparative point worth making. Most large economies price real-time payments; the zero-MDR model was a deliberate Indian departure to force adoption. Having achieved adoption, the question is whether the policy instrument should be retired — which is a normal lifecycle question, not a retreat.
- The distributional design will determine whether this succeeds. If the threshold is set high enough that only large merchants pay, the inclusion gains are preserved and the revenue is meaningful. If it drifts downward over time, the small merchant ends up subsidising a system built on his participation.

 Let's Remember This Through a Trick

MDR splits three ways: interchange to the issuer, a fee to the network, a margin to the acquirer. And the policy arc: **zero from 2020, legal authority restored in 2026, rate still unset.**

 Probable Prelims MCQ (Statement-Based)

Consider the following statements:

1. The National Payments Corporation of India is a not-for-profit company incorporated under Section 8 of the Companies Act.
2. The Payment and Settlement Systems Act designates the Reserve Bank of India as the authority for regulation of payment systems.
3. Merchant Discount Rate is a charge borne by the customer making a digital payment.

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) All three

Answer: (a) 1 and 2 only. MDR is borne by the merchant, not the customer.

 PYQ LINKAGE

GS3 2022 on digital payments and financial inclusion; GS2 2023 on Digital Public Infrastructure and its governance.

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Notice the thread running through three cards today: who appoints the nuclear regulator, who sets the UPI merchant fee, and who decides an elector's status. Three different sectors, one question — whether the body deciding is independent of the interest being decided. Carry that framing into the exam. theiasakademia.com

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NEWS CARDS

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POLITY (CAPPED)

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STATIC FILLER

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1

SELF-CORRECTION ISSUED

Polity (GS2)

Internal Security (GS3)

IR (GS2)

Defence (GS3)

S&T (GS3)

Economy (GS3)

✓ We corrected our own schedule error on the Karnataka SIR draft roll in a boxed note rather than silently fixing it

✓ BRICS participation is reported as the release records it, rather than asserting a membership headcount the release does not give

✓ The MQ-9B "crash replacement" framing appears in one outlet only and is marked unconfirmed; the Kerala gazette notification is marked unverified

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