

PART I · HEADLINES TO ECONOMY

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“Every Topper's Last Read” — if a card would not survive being the last thing a serious aspirant reads before the exam, it does not belong here.

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§1 Today's Headlines

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- 11 RBI Governor Sanjay Malhotra warns "the next financial crisis may not start in a bank," flagging cyber, AI and geopolitical risk beyond the regulatory perimeter. **GS3**

12 India's forex reserves post their biggest-ever single-week fall, down \$18.3 billion, as the rupee weakens past 96/dollar. **GS3**

13 September GST collections cross ₹2 lakh crore, up 14.7% — but import-linked GST (+25.9%) outran domestic GST (+10.1%). **GS3**

14 A tigress is released into Buxa Tiger Reserve, West Bengal's first tiger reintroduction in four decades, after an eight-year habitat-restoration effort. **GS3**

THEIAS AKADEMIA A Bar Council quota fight, a Union-vs-Delhi federalism question, a G20 trade rupture and a record forex drawdown — all inside 72 hours — is exactly the cross-paper density that rewards structured 1-on-1 doubt-resolution: **Sahyog Mentorship**. Learn more at theiasakademia.com.

§2 Polity & Governance

GS2

Judiciary & Legal Profession – Women's Representation, Article 15(3)

1 October 2026 (originating order: 8 December 2025) · Source: Supreme Court of India (*Rohit Pandey v. Union of India*); LiveLaw; Bar and Bench

The 25-Seat Ceiling vs the 30% Quota: Supreme Court Confronts the Arithmetic of Women's Reservation in Bar Councils

Why in News: On 1 October 2026, a Supreme Court bench of Justices Joymalya Bagchi and V. Mohana, hearing *Rohit Pandey v. Union of India*, asked Attorney General R. Venkataramani to examine raising the statutory 25-member cap on State Bar Councils under Section 3(2)(b) of the Advocates Act, 1961. The petitioner, who polled 2,259 votes, missed election to the 25th seat by a narrow margin after a woman candidate with only 265 votes was declared elected to meet the Court's own 30% women's-reservation mandate. This is the second such reference in a week: on 25 September 2026, a bench led by CJI Surya Kant had already referred an identical plea from Tamil Nadu (seeking to raise its Bar Council's strength from 25 to 32) to the AG.

Background: The controversy traces to the Supreme Court's 8 December 2025 order in *Yogamaya MG v. Union of India*, which mandated 30% women's representation in every State Bar Council not yet notified for elections — 20% through direct election and 10% through co-option — with a compliance deadline of 31 March 2026. This followed the Court's May 2024 direction mandating 33% women's reservation in Supreme Court Bar Association posts. Data cited in the original proceedings showed only 9 of 441 elected members across 18 State Bar Councils (about 2%) were women, with 11 councils having zero women members, against an overall ~15% women's enrolment in the legal profession. Because the Advocates Act

caps elected strength at 25 once an electorate crosses 10,000 advocates (Delhi alone has roughly 2 lakh registered advocates), reserving 30% of a fixed 25 seats necessarily displaces some higher-polling candidates — the precise tension now before the Court.

⚡ KEY FACTS

- Section 3(2)(b), Advocates Act, 1961 fixes State Bar Council strength at 15/20/25 elected members depending on electorate size; 25 is the ceiling above 10,000 advocates.
- SC order of 8 December 2025 (*Yogamaya MG v. UOI*): 30% women's reservation — 20% elected + 10% co-opted; compliance deadline 31 March 2026.
- Pre-order data: only 9/441 (≈2%) elected State Bar Council members nationally were women; 11 of 18 councils had zero women members.
- Rohit Pandey (petitioner): polled 2,259 votes, missed the 25th seat narrowly; a woman candidate with 265 votes was declared elected instead.
- Parallel case (25 Sept 2026): Tamil Nadu sought to raise its Bar Council's strength from 25 to 32 to “absorb” reservation without displacing merit-based winners.
- May 2024: SC had earlier mandated 33% women's reservation in Supreme Court Bar Association office-bearer posts.
- Delhi Bar Council alone has roughly 2 lakh registered advocates, cited to argue the 1961-era 25-member cap is outdated.
- Justice Bagchi, on the bench's own limits: “We are absolutely aware of the judicial limitation, and that's why requesting the Attorney General.”

🎯 MAINS DIMENSIONS / ANALYSIS

- A judicially-driven affirmative-action mandate colliding with a 1961 statutory ceiling illustrates the limits of courts “reading in” quotas without a legislative amendment — a separation-of-powers dimension (judicial overreach versus living-document interpretation of Article 15(3)).
- Criticism/backlash: advocates have warned of “proxy” women members fronting for male power-holders, and of a stigma risk (winning “only via reservation”) — a classic reservation-versus-stigma debate paralleling SC/ST/OBC reservation discourse.
- Implementation challenge: absent a Section 3 amendment, every election under the 30% rule mechanically unseats a higher-voted candidate — a zero-sum problem only a strength-enhancement (25 → 32-type) legislative fix resolves without litigation-by-litigation patchwork.
- Comparative/institutional angle: contrasts with Parliament's own unresolved women's-reservation story (the Nari Shakti Vandan Adhiniyam, operational only after delimitation) — professional bodies are being made to implement overnight what the legislature has deferred for decades.
- Way forward: a single Parliamentary amendment to Section 3(2)(b) raising the seat ceiling would let reservation and merit-based election coexist without further PIL pile-up — the AG's opinion is the near-term decision point to track.

🧠 LET'S REMEMBER THIS THROUGH A TRICK

“20 elected + 10 co-opted = 30% — but a 25-seat ceiling means someone's merit-won chair must give”: remember *Yogamaya* (Dec 2025) created the quota, *Rohit Pandey* (Oct 2026) exposed its arithmetic problem.

No close direct PYQ on Bar Council reservation; thematically adjacent to UPSC CSE Mains 2017, GS2 (10 marks): “Discuss the desirability of greater representation to women in the higher judiciary to ensure diversity, equity and inclusiveness.”

 PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. With reference to the Advocates Act, 1961 and recent Supreme Court directions, consider the following statements:

1. The Advocates Act, 1961 fixes the maximum elected strength of a State Bar Council at 25 members where the roll of advocates exceeds 10,000.
2. The Supreme Court's December 2025 direction mandates that 30% of State Bar Council seats be filled by women entirely through direct election.
3. Supreme Court directions permit a State Bar Council to fill part of the women's reservation quota through co-option.

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: (c). Statement 2 is false — the 30% is split 20% election + 10% co-option, not entirely through election.

GS2

Advocates Act 1961

Bar Council

Women's Reservation

Article 15(3)

GS2

Devolution of Powers & Finances to Local Levels – 73rd Amendment, Panchayati Raj

2 October 2026 (Gandhi Jayanti) · Source: Ministry of Panchayati Raj (PIB); eGramSwaraj portal records

Sabki Yojana, Sabka Vikas: The Ninth People's Plan Campaign and the Machinery of Bottom-Up Planning

Why in News: On 2 October 2026 (Gandhi Jayanti), the Ministry of Panchayati Raj, coordinating with 21 central ministries and departments, convened over 2.42 lakh Special Gram Sabhas nationwide to launch the People's Plan Campaign (PPC) 2026-27, branded “Sabki Yojana, Sabka Vikas,” under which Gram Panchayats will prepare Gram Panchayat Development Plans (GPDPs) for FY 2027-28 through participatory Gram Sabha deliberation. Secretary (Panchayati Raj) Vineet Joshi coordinated monitoring with States and UTs. The Gram Sabhas also discussed devolution instruments, SVAMITVA property-rights mapping, the Jal Jeevan Mission, and the three new criminal codes.

Background: The People's Plan Campaign has run annually since 2018 to operationalise Article 243G (Part IX), which vests Panchayats with powers over Eleventh Schedule subjects including “economic development and social justice,” and Article 243ZD, which sets up District Planning Committees to consolidate Panchayat and Municipal plans. It is the principal mechanism for translating the 73rd Amendment's constitutional promise of local self-government into an annual budgeting cycle, routed through the eGramSwaraj portal and benchmarked via the Panchayat Advancement Index. The Gram Sabha — the constitutionally named deliberative body of all registered voters in a Panchayat area — is the statutory forum through which this “bottom-up” plan is meant to be validated, in contrast to top-down, line-department-driven planning.

- 2.42 lakh Special Gram Sabhas convened nationwide on 2 October 2026 for the PPC 2026-27 launch.
- Since 2018, over 2.55 lakh Gram Panchayats have prepared and uploaded development plans via the eGramSwaraj portal.
- Legal basis: Article 243G (Part IX, Eleventh Schedule devolved subjects) and Article 243ZD (District Planning Committees).
- GPDPs now being prepared are for Financial Year 2027-28 — a full year's forward-planning cycle.
- 21 central ministries/departments participated, including Rural Development, Drinking Water & Sanitation, Land Resources, and Consumer Affairs.
- SVAMITVA (drone-based property-rights mapping) and the Panchayat Advancement Index were flagged as supporting devolution-monitoring instruments.
- Discussions also covered the three new criminal codes (BNS/BNSS/BSA) and the Bal Vivah Mukh Bharat/Nasha Mukh Bharat campaigns at the grassroots.

MAINS DIMENSIONS / ANALYSIS

- Converts the constitutional promise of Article 243G from a legal entitlement into an annual administrative ritual — a rare case of a 1992 amendment operationalised through a recurring, dated, nationwide civic exercise.
- Perennial criticism: GPDPs are often template-driven/copy-pasted by Panchayat secretaries to meet upload deadlines rather than genuinely deliberated in Gram Sabha, undermining the “Sabki Yojana” premise.
- Implementation challenge: Own Source Revenue generation by Panchayats remains weak nationally, keeping them dependent on Finance Commission grants and limiting genuine third-tier fiscal autonomy.
- Federal/comparative angle: convergence of 21 ministries' schemes at the Panchayat level tests a single-tier local body's coordination capacity — a live test of cooperative federalism reaching the grassroots.
- Way forward: strengthening Panchayat-level own revenue, linking Panchayat Advancement Index scores to incentive grants, and auditing genuine Gram Sabha deliberation quality (not just plan uploads).

LET'S REMEMBER THIS THROUGH A TRICK

“2018 to 2026-27: the ninth People's Plan Campaign, same Gandhi Jayanti date, same eGramSwaraj portal” — 2.42 lakh Gram Sabhas now planning FY 2027-28, a full year ahead.

PYQ LINKAGE

No exact direct PYQ on the People's Plan Campaign; thematically adjacent to the recurring GS2 Mains theme of Panchayati Raj institutions' effectiveness as instruments of grassroots devolution under the 73rd Amendment.

PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements regarding Panchayati Raj institutions in India:

1. The People's Plan Campaign is a participatory planning exercise conducted under the 74th Constitutional Amendment Act.
2. Gram Panchayat Development Plans (GPDPs) are uploaded on the eGramSwaraj portal.
3. Article 243ZD provides for District Planning Committees to consolidate plans prepared by Panchayats and Municipalities.

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 — the People's Plan Campaign flows from the 73rd Amendment (Panchayats/Article 243G), not the 74th Amendment (Municipalities).

GS2

Panchayati Raj

73rd Amendment

Gram Sabha

eGramSwaraj

GS2

Union Territories & Special Provisions – Article 239AA, NCT of Delhi

30 September–1 October 2026 · Source: Cabinet Committee on Economic Affairs (PIB); Union Minister Ashwini Vaishnaw's statement

Who Runs Delhi's Traffic Lights? The ₹1,789-Crore ITMS and the Reserved-Subject Logic of Article 239AA

Why in News: On 30 September 2026, the Cabinet Committee on Economic Affairs, chaired by the Prime Minister, approved a ₹1,789.52-crore Intelligent Traffic Management System (ITMS) for Delhi, to be implemented by Delhi Police — not the Delhi government's Transport Department — covering 42 traffic corridors and 1,529 traffic signals over a 3-phase, 24-month rollout plus 5 years of operations and maintenance. Union Minister Ashwini Vaishnaw announced the scheme, noting all 1,529 signals currently run on fixed timers; the new system will make them adaptive and AI-enforced, with the Centre for Development of Advanced Computing (C-DAC) as Project Management Consultant.

Background: Delhi, though it has an elected Legislative Assembly and Council of Ministers under Article 239AA (added by the 69th Constitutional Amendment, 1991), is constitutionally distinct from a full State: Article 239AA(3)(a) expressly excludes “Police,” “Public Order,” and “Land” from the Delhi Assembly's legislative competence — these remain with Parliament/the Union, administered through the Lieutenant Governor and the Ministry of Home Affairs. Because traffic enforcement in Delhi is a Delhi Police (Union-controlled) function rather than a State Transport Department function, a flagship urban-mobility project for the capital is approved and executed entirely at the Centre's initiative, bypassing the elected Delhi government's transport apparatus — a structural illustration of the federal limits built into the NCT's special status.

⚡ KEY FACTS

- CCEA approval: 30 September 2026; total outlay ₹1,789.52 crore (inclusive of taxes).
- Coverage: 42 traffic corridors; 1,529 traffic signals; 1,092 Adaptive Traffic Control System locations; 1,029 automated-enforcement locations.
- Timeline: 3-phase rollout over 24 months, followed by 5 years of operations and maintenance.
- Implementing agency: Delhi Police — a Union subject under Article 239AA(3)(a), unlike Transport, which is a Delhi Assembly subject.
- Technical support: C-DAC as Project Management Consultant; Master System Integrator via competitive bidding.
- Violations targeted: speeding, red-light jumping, wrong-side driving, illegal parking, mobile-phone use while driving, stolen-vehicle identification; also supports emergency-vehicle green-corridor priority.
- Context: Delhi has roughly 7.1 million registered vehicles, with vehicle growth outpacing road-capacity expansion.

- Constitutional basis: Article 239AA, inserted by the 69th Constitutional Amendment Act, 1991, reserving Police, Public Order and Land to the Union.

🎯 MAINS DIMENSIONS / ANALYSIS

- A high-value infrastructure project routed through the Union Home Ministry/Delhi Police rather than the elected Delhi government is a textbook illustration of Article 239AA's asymmetric federalism.
- Analytical angle: supporters argue traffic enforcement is inseparable from “public order” and policing; critics note traffic management is conventionally a municipal/transport function elsewhere, and routing it through Police dilutes local-body accountability for mobility outcomes.
- Implementation challenge: coordination between a Union-controlled enforcement agency and a Delhi-government-controlled roads/transport apparatus could create accountability gaps if congestion-reduction outcomes require both sides' cooperation.
- Comparative angle: contrasts with how ITMS-type projects are typically executed in full States (through State Transport Departments/Municipal Corporations) versus Delhi's Centre-led model.
- Way forward: greater co-location of Traffic Police data with Delhi government's urban-planning agencies could reconcile the constitutional reservation of Police with the practical need for integrated urban-mobility governance.

🧠 LET'S REMEMBER THIS THROUGH A TRICK

“₹1,789.52 crore, 42 corridors, 1,529 signals — but zero change in Article 239AA's list”: Delhi's lights turn smart, its Police stays Union.

📄 PYQ LINKAGE

No close direct PYQ on this project; thematically adjacent to the standing GS2 theme of Union Territories' constitutional governance and NCT Delhi's special status under Article 239AA.

🎯 PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. With reference to Article 239AA of the Constitution, consider the following statements:

1. It empowers the NCT of Delhi's Legislative Assembly to legislate on all matters in the State List and the Concurrent List.
2. “Police,” “Public Order,” and “Land” remain under the Union Government's control in the NCT of Delhi even though they fall in the State List for full States.
3. Article 239AA was inserted by the 69th Constitutional Amendment Act, 1991.

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 — Article 239AA(3)(a) expressly excludes Police, Public Order and Land from the Delhi Assembly's competence.

GS2

Article 239AA

NCT of Delhi

Delhi Police

Asymmetric Federalism

1 October 2026 (reference date); notification 14 August 2026 · Source: Registrar General & Census Commissioner of India; Union Home Ministry

Reference Date, Reference Point: Census 2027 Begins Its First Full Caste Count Since 1931 — Starting in the Snow

Why in News: 1 October 2026 (00:00 hours) is the official reference date for Phase II Population Enumeration of Census 2027 in snow-bound and inaccessible areas — Ladakh, snow-bound parts of Jammu & Kashmir, Himachal Pradesh, and Uttarakhand — where field enumeration ran from 17 August to 30 September 2026 ahead of winter closure. This is the first tranche of a Census that, per the Registrar General's 14 August 2026 notification, will for the first time since 1931 enumerate caste beyond Scheduled Castes/Scheduled Tribes, using a 40-question schedule (versus 29 in Census 2011, with 13 new questions including caste, digital literacy, bank-account count, and government ID numbers). The rest of the country's Population Enumeration will use 1 March 2027 as its reference date.

Background: The Census operates under the Census Act, 1948 (Union List Entry 69) and was delayed from its usual 2021 schedule. Census 2027 runs in two phases: Phase I, Houselisting & Housing Census — India's first fully digital, self-enumeration-based census phase, run nationally from 1 April to 30 September 2026 with a 33-question schedule — and Phase II, Population Enumeration, covering individual demographic, social and economic characteristics. The decision to enumerate caste beyond SC/ST revives a question last fully answered in the 1931 Census; post-Independence India relied on the unreleased Socio-Economic Caste Census (SECC) 2011 and ad hoc state-level exercises (such as Bihar's 2023 caste survey) in its absence, with the Mandal Commission (1980) itself forced to extrapolate OBC population shares from 1931 data.

KEY FACTS

- Reference date for snow-bound areas (Ladakh, J&K snow-bound districts, Himachal Pradesh, Uttarakhand): 00:00 hours, 1 October 2026.
- Reference date for the rest of the country: 00:00 hours, 1 March 2027.
- Phase II field enumeration in snow-bound regions: 17 August–30 September 2026, ahead of the reference date.
- Phase II schedule: 40 questions total (13 new) versus 29 questions in Census 2011.
- New question categories: caste (separate schedule), government ID numbers, digital literacy, bank-account count, spouse/parents' particulars, COVID-19 vaccination site.
- Legal basis: Census Act, 1948 — Section 8 mandates truthful answers; Section 15 guarantees confidentiality of individual records.
- Phase I (Houselisting, 1 April–30 September 2026): 33 questions; first-ever web-based self-enumeration portal in 16 languages.

- This is billed as the first enumeration of caste beyond SC/ST categories in an Indian Census since 1931 — a 95-year gap in official full caste data.

🎯 MAINS DIMENSIONS / ANALYSIS

- Caste data last fully collected in 1931 underlies virtually every reservation-policy calculation since (Mandal Commission extrapolations, state OBC lists) — a fresh, verified count could recalibrate reservation percentages and welfare targeting for the first time in generations.
- Analytical debate: proponents (citing Bihar's 2023 survey) argue caste enumeration enables evidence-based affirmative action; critics warn of classification inconsistencies, politicisation ahead of future delimitation debates, and the risk of entrenching caste identity rather than transcending it.
- Institutional/administrative challenge: running India's first digital, self-enumeration census simultaneously with a sensitive, first-of-its-kind full caste count multiplies data-integrity and classification-standardisation challenges.
- Federal angle: a staggered, two-reference-date rollout (snow-bound regions first, rest of the country in March 2027) reflects practical Centre-State/UT coordination around hill states' shorter field seasons.
- Way forward: a transparent, pre-published caste-classification taxonomy and swift, rule-bound data release (unlike the still-unreleased SECC 2011) would convert the exercise into usable policy data rather than another contested count.

🧠 LET'S REMEMBER THIS THROUGH A TRICK

“1931 → 2026: a 95-year gap” between India's last full caste count and its next one — the clock restarts at 00:00 hours, 1 October 2026, in the snows of Ladakh.

📄 PYQ LINKAGE

No confirmed direct PYQ on Census 2027/caste enumeration (too recent); thematically adjacent to the standing GS1 “Population and associated issues” theme and the Mandal Commission/reservation-politics discourse.

🎯 PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements regarding Census 2027:

1. It is being conducted under the Census Act, 1948, and includes India's first web-based self-enumeration phase.
2. Caste, beyond Scheduled Castes and Scheduled Tribes, is being enumerated in a Census for the first time since 1931.
3. The reference date for Population Enumeration is 1 October 2026 for the entire country, including snow-bound and non-snow-bound areas alike.

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). Statement 3 is false — 1 October 2026 is the reference date only for snow-bound regions; the rest of the country's reference date is 1 March 2027.

GS1

Census 2027

Caste Enumeration

Census Act 1948

Mandal Commission

Archiving the Adivasi: MoTA-IGNCA MoU Institutionalises Tribal Cultural Heritage Preservation

Why in News: On 28 September 2026 in New Delhi, the Ministry of Tribal Affairs (MoTA) and the Indira Gandhi National Centre for the Arts (IGNCA) signed a Memorandum of Understanding to jointly preserve, document, digitise, research and promote India's tribal cultural heritage — tribal arts, crafts, music, musical instruments, languages, oral traditions, folklore, and indigenous ecological-knowledge systems at risk of disappearing. The MoU was signed by Ranjana Chopra, Secretary (Tribal Affairs), and Dr K. Anil Kumar of IGNCA, and formally links MoTA's network of Tribal Research Institutes (TRIs) with IGNCA's academic, archival and curatorial infrastructure.

Background: IGNCA was launched in November 1985 and registered as an autonomous trust under the Ministry of Culture in March 1987, as a multi-disciplinary research and resource centre for Indian art forms, with existing internal divisions including a dedicated Tribal and Folk Arts division. Tribal Research Institutes are state-level bodies under MoTA's oversight that conduct ethnographic and socio-economic research on Scheduled Tribes. The new MoU converts IGNCA's existing but fragmented tribal-arts holdings and MoTA's TRI research network into a coordinated national digitisation effort, against a backdrop of warnings about endangered tribal languages and oral traditions across India's Scheduled Areas.

⚡ KEY FACTS

- MoU signed: 28 September 2026, New Delhi, between the Ministry of Tribal Affairs and IGNCA.
- Signatories: Ranjana Chopra (Secretary, MoTA) and Dr K. Anil Kumar (IGNCA).
- IGNCA: launched 19 November 1985; registered as an autonomous trust, 24 March 1987, under the Ministry of Culture.
- Scope: tribal arts/crafts/music/instruments, languages, oral traditions, folklore, indigenous ecological-knowledge systems.
- Planned outputs: digital repositories, interactive tribal museum galleries, exhibitions on tribal contributions to the freedom struggle, youth camps.
- Institutional link: MoTA's state-level TRI network tied to IGNCA's Kalanidhi (research), Kalakosa (publication) and Tribal & Folk Arts divisions.
- Priority identified: systematic documentation of endangered tribal languages and community-transmitted practices before they disappear.

🎯 MAINS DIMENSIONS / ANALYSIS

- Converts two previously parallel institutional tracks — MoTA's welfare/ethnography mandate and IGNCA's arts-research mandate — into one coordinated heritage-preservation pipeline.
- Conceptual angle: engages directly with “traditional knowledge systems” and intangible cultural heritage — tribal oral traditions are a textbook example of intangible heritage vulnerable to generational loss without active documentation.
- Criticism/implementation challenge: MoUs of this kind have a documented history of slow follow-through (funding, staffing, inter-ministerial coordination); converting a signing ceremony into functioning digitisation output is the real test.
- Welfare-linkage angle: pairs naturally with the broader Scheduled Tribes welfare discourse (PESA Act 1996, Fifth/Sixth Schedule governance, Forest Rights Act).

- Way forward: a public-facing, open-access digital repository and periodic third-party audits of documented languages/practices would convert the MoU's promise into measurable outcomes.

LET'S REMEMBER THIS THROUGH A TRICK

“IGNCA (b. 1987) finally gets a tribal-research partner on paper” — MoTA's state TRIs plus IGNCA's archives, aimed at folklore disappearing faster than it is being written down.

PYQ LINKAGE

No close direct PYQ on this MoU; thematically adjacent to the recurring GS1 theme of “Indian Culture — salient aspects of art forms, literature” and GS2's tribal-welfare/Fifth-Sixth Schedule questions.

PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements:

1. The Indira Gandhi National Centre for the Arts (IGNCA) was registered as an autonomous trust under the Ministry of Culture in 1987.
2. The Ministry of Tribal Affairs–IGNCA MoU (2026) links the Ministry's network of Tribal Research Institutes with IGNCA's archival expertise.
3. IGNCA's institutional mandate is confined exclusively to tribal arts and does not extend to other Indian art forms or literature.

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). Statement 3 is false — IGNCA's mandate spans all Indian art forms, literature and architecture; tribal and folk arts form only one division.

GS1

IGNCA

Tribal Research Institutes

Intangible Cultural Heritage

Ministry of Tribal Affairs

§4 International Relations

GS2

International Institutions & Fora – WTO/GATT, G20

1–3 October 2026 · Source: USTR.gov (official press release); Business Standard; The Week; IANS

G20 Trade Ministerial Fails to Issue an Outcome Document as the US Contests the WTO's Unconditional MFN Principle

Why in News: At the G20 Trade and Investment Ministers' Meeting held in Milwaukee on 2–3 October 2026 under the US's 2026 G20 presidency, member states failed to agree on a joint outcome document for the second consecutive ministerial, over the US push to make Most-Favoured-Nation (MFN) treatment “conditional.” US Trade Representative Jamieson Greer argued on 1 October that unconditional MFN “constrains economies' ability to effectively respond to distortive policies,” while India's Commerce Minister

Piyush Goyal stated “India cannot support making MFN conditional on obligations chosen by some WTO members,” calling for MFN to remain “a fundamental guarantee ensuring equal terms for the smallest and largest traders.” Goyal also flagged industrial overcapacity in “certain geographies with very large production capacities, created with government support,” without naming China.

Background: MFN is the foundational non-discrimination principle of GATT 1947 (Article I), carried into the WTO (1995), requiring any trade advantage granted to one member to be extended unconditionally to all members. The US, under its 2026 G20 presidency, has shifted toward tariff-driven, bilaterally negotiated trade arrangements, now formally questioning MFN's unconditional character. India has simultaneously been negotiating a separate bilateral trade deal with Washington even as it defends MFN multilaterally at the G20 — illustrating a “multi-alignment” approach of pursuing bilateral gains without abandoning multilateral rules. The WTO itself has faced “severe stress” amid a moribund Doha Round and a non-functional Appellate Body (since December 2019, due to blocked US appointments).

KEY FACTS

- Meeting: G20 Trade & Investment Ministers' Meeting, Milwaukee, Wisconsin, 2–3 October 2026.
- Host presidency: United States (2026); prior presidency: South Africa (2025).
- No outcome/joint communiqué was issued — differences of opinion explicitly cited by Goyal.
- US position (Greer, 1 Oct): MFN should not apply “unconditionally” — one of four US-selected workstreams.
- India's position (Goyal): opposes conditional MFN; backs WTO-consistent instruments and existing multilateral rules.
- Goyal: forced-labour-based trade measures should be “evidence-based,” not presumptive bans.
- A “handful” of G20 members explicitly rejected the US stance on excess industrial capacity.
- WTO's Appellate Body has been non-functional since December 2019 due to blocked judge appointments.

MAINS DIMENSIONS / ANALYSIS

- Marks a rare instance of a rules-taker/rules-shaper (India) openly defending a GATT/WTO-era non-discrimination norm against a push from the system's traditional guarantor (the US) — signalling erosion of US leadership of the multilateral order it built.
- Criticism/trade-off: conditional MFN could let large economies legally discriminate on stated grounds (environmental, labour, security) — a backdoor for protectionism; defenders of conditionality argue blanket MFN lets state-subsidised overcapacity free-ride on open markets.
- Implementation challenge: without consensus, G20 trade governance risks becoming merely declaratory, since the WTO's binding dispute settlement is already crippled.
- Comparative angle: mirrors the WTO's Doha Round collapse and the rise of plurilateral/sectoral deals that erode strict multilateral MFN uniformity.
- Way forward: India's stance favours preserving MFN as a universal baseline while using WTO-consistent trade remedies (anti-dumping, countervailing, safeguard duties) to address overcapacity, rather than conditionality that could be weaponised against developing countries.

LET'S REMEMBER THIS THROUGH A TRICK

“MFN = Must Favour None-differently” — India stood for the oldest GATT rule (1947) even while bargaining bilaterally with the very country attacking it (2026): multi-alignment in action.

Thematically adjacent to UPSC Mains GS2 2019: “What are the key areas of reform if the WTO has to survive in the present context of 'Trade War'?”

 PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements regarding the Most-Favoured-Nation (MFN) principle:

1. It is a founding principle of GATT, 1947, and continues under the WTO framework.
2. It requires a WTO member to extend any trade concession given to one member unconditionally to all other members.
3. The WTO's Appellate Body has been fully functional and issuing rulings continuously since 1995.

How many of the above statements are correct? (a) Only one (b) Only two (c) All three (d) None

Answer: (b). Statements 1 and 2 are correct; Statement 3 is false — the Appellate Body has been non-functional since December 2019.

GS2 MFN Principle GATT/WTO G20 Trade Multilateralism

GS2

International Institutions & Fora – UN Security Council Reform

22–23 September 2026 (still-developing; most recent development as of this edition) · Source: External Affairs Ministry statements via IANS; India's Permanent Mission to the UN

G4 Ministers Declare UN Security Council Reform a “Failure,” Signal Shift to Parallel Forums

Why in News: External Affairs Minister S. Jaishankar chaired a G4 (India, Brazil, Germany, Japan) Foreign Ministers' meeting in New York on 22 September 2026, alongside his Brazilian, German and Japanese counterparts. The G4 ministers expressed “strong concern” that the Intergovernmental Negotiations (IGN) framework on UN Security Council (UNSC) reform has remained “largely ineffective” despite nearly two decades of talks, and signalled willingness to engage the wider UN membership “in other forums” outside the IGN — the clearest statement yet that the G4 sees the process as exhausted. The joint statement called the UNSC's “eight-decade-old architecture” unable to “effectively discharge its core responsibility of maintaining international peace and security,” and prioritised moving to text-based negotiations. This framing is still live as of the edition date, with no resolution yet.

Background: The UNSC's 15-member composition (5 veto-wielding permanent members plus 10 elected non-permanent members) has been unchanged since 1965, even as UN membership has roughly doubled. The Intergovernmental Negotiations track, running since 2008-09, has completed 17 rounds with India's envoy describing “no concrete results.” Competing reform models remain irreconcilable: the G4 seeks expansion of both permanent and non-permanent categories; the “Uniting for Consensus” group opposes new permanent seats, proposing a 27-member Council with only new non-permanent seats; and the African Group demands at least two permanent seats with full veto rights. Russia has explicitly backed India's and Brazil's bids while opposing new seats for Germany and Japan — illustrating how reform is entangled in wider great-power rivalry.

 KEY FACTS

- G4 meeting: 22 September 2026, New York, chaired by Jaishankar.

- IGN process: running since 2008-09; India's envoy cites 17 completed negotiating rounds with “no concrete results.”
- UNSC current size: 15 (5 P5 veto powers + 10 elected non-permanent members, 2-year terms), unchanged since 1965.
- “Uniting for Consensus” model: caps the Council at 27 members — all new seats non-permanent, no new vetoes.
- G4 position: expansion in both permanent and non-permanent categories.
- Russia: explicitly backs India and Brazil's candidatures while opposing seats for Germany and Japan.
- Charter amendment (Article 108) requires two-thirds of the UNGA plus ratification by all five permanent members — an in-built veto over any dilution of their own status.

MAINS DIMENSIONS / ANALYSIS

- The G4's explicit “strong concern” and pivot toward “other forums” marks a qualitative shift from two decades of restating positions within the IGN, raising the possibility of reform pursued via a UNGA resolution route rather than consensus-bound IGN talks.
- Criticism: the reform process is structurally self-blocking — any Charter amendment needs ratification by all P5 members, giving existing permanent members an effective veto over their own dilution, explaining 17-plus rounds without outcome.
- Implementation challenge: the three major blocs (G4, Uniting for Consensus, African Group) hold mutually exclusive positions on new permanent seats; no single model commands the two-thirds support needed.
- Comparative/geopolitical angle: Russia's selective backing shows reform filtered through P5 rivalry rather than pure representational logic.
- Way forward: momentum toward text-based negotiations — a long-standing G4 demand — would at least create a single negotiating document instead of parallel position papers, seen as a necessary precondition for any breakthrough.

MEMORY TECHNIQUE — RETURNING TOPIC

Previously covered:

UNSC reform has recurred through 2026 in “India reaffirms commitment”-style framing.

What's new today:

The G4's unusually blunt declaration that the IGN process itself is a “failure,” with an explicit signal to move outside it.

UPSC relevance shift:

Tests whether aspirants can distinguish the IGN, Uniting for Consensus and Ezulwini Consensus positions, not just recall that “India wants a permanent seat.”

PYQ LINKAGE

UPSC Mains GS2 2015: “Discuss the impediments India is facing in its pursuit of a permanent seat in the UNSC.”

PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. With reference to the reform of the United Nations Security Council, consider the following statements:

1. The “Uniting for Consensus” group proposes creating new permanent seats with veto power for Asia, Africa and Latin America.

2. The G4 comprises India, Brazil, Germany and Japan.

3. Amendment of the UN Charter to expand the Security Council requires ratification by all five permanent members.

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 incorrect — Uniting for Consensus opposes any new permanent/veto seats, proposing only longer-term non-permanent seats.

GS2

UNSC Reform

G4

Intergovernmental Negotiations

Uniting for Consensus

THEIAS AKADEMIA

A WTO rupture and a “UNSC reform is a failure” declaration in the same week is precisely the layered IR density **ANTIM 2027** is built to decode into exam-ready comparative frameworks. Learn more at theiasakademia.com.

§5 Defence & Security

GS3

Defence Indigenisation & Procurement – Air Force Modernisation

3 October 2026 · Source: IAF Chief Air Chief Marshal A.P. Singh's public remarks (IANS); Outlook Business

IAF Chief Signals FY27-End Timeline for 114-Jet MRFA (Rafale) Deal as Squadron Strength Runs Below Sanctioned 42

Why in News: Air Chief Marshal A.P. Singh stated on 3 October 2026 that India is “likely to finalise” the Multi-Role Fighter Aircraft (MRFA) deal for 114 Rafale jets with France “by the end of this financial year,” valued at approximately ₹3.25 lakh crore. The Defence Acquisition Council's Acceptance of Necessity was given in February 2026, a Letter of Request followed in May 2026, and Dassault Aviation submitted its formal proposal on 7 August 2026. Singh stressed that “self-reliance is crucial for overall combat readiness” and that “India must produce a fighter jet engine in the country,” while the Defence Secretary noted the deal would establish a “second fighter aircraft production line” alongside the continuing Tejas Mk-1A programme.

Background: The IAF's sanctioned fighter squadron strength is 42; as of mid-2026 it stands at only 29–31 squadrons, a deficit driven by the 2025 retirement of the last MiG-21 Bison squadrons and the forced retirement of the accident-prone Jaguar fleet. India currently operates 36 Rafales (two squadrons) procured via a 2016 government-to-government deal. The new 114-jet MRFA tender revives a long-stalled requirement tracing back to the abandoned 126-aircraft MMRCA competition (2007-2015). Under the proposed deal structure, only 18 jets would arrive in fly-away condition, with 96 assembled domestically,

progressively raising indigenous content from 30% to 55-60%, with an M-88 engine MRO facility planned for Hyderabad. Indigenous alternatives (Tejas Mk-2, AMCA) are not expected to bridge the near-term gap, with AMCA unlikely to enter service before the mid-2030s.

KEY FACTS

- IAF sanctioned squadron strength: 42; actual (mid-2026): 29–31 squadrons.
- MRFA deal size: 114 jets, approximately ₹3.25 lakh crore.
- Process timeline: DAC Acceptance of Necessity (Feb 2026) → Letter of Request (May 2026) → Dassault proposal (7 Aug 2026) → expected finalisation by FY27-end.
- Production split: 18 fly-away + 96 domestically assembled (88 single-seat / 26 twin-seat).
- Indigenous content trajectory: 30% initial → 55-60% at maturity; second fighter production line plus a Hyderabad engine MRO facility.
- Current Rafale fleet: 36 aircraft (2 squadrons), procured via a 2016 deal; post-MRFA projected total (incl. Navy variants): 176 Rafales.
- Squadron depletion drivers: last MiG-21 Bison retirement (2025); Jaguar fleet retirement after accidents.

MAINS DIMENSIONS / ANALYSIS

- Would be India's largest-ever single defence procurement by value, and the first MRFA-category deal since the abandoned MMRCa process — directly addressing the IAF's most acute capability gap.
- Criticism/trade-off: concentrating on one additional foreign platform rather than diversifying raises single-vendor dependency risk; critics note repeated “deal-in-principle, no deal-in-fact” cycles reflect a structural pattern of procurement delay.
- Implementation challenge: technology-transfer absorption for domestic assembly of 96 of 114 jets requires significant capacity build-out within a compressed timeline; indigenous engine production has no concrete roadmap yet.
- Comparative angle: unlike the 2016 Rafale deal (36 jets, fly-away, no localisation), this tranche is explicitly structured around domestic production, testing India's capacity to replicate indigenisation at three times the scale.
- Way forward: even on an optimistic FY27-end signing, deliveries would stretch years, meaning the squadron deficit persists into the 2030s unless Tejas Mk-1A production is simultaneously scaled up.

LET'S REMEMBER THIS THROUGH A TRICK

“2016: 36 fly-away, no Make-in-India. 2026: 114 jets, 96 Made-in-India” — the two Rafale deals bookend India's shift from buying off-the-shelf to co-producing at home.

PYQ LINKAGE

Thematically adjacent to the recurring GS3 theme of “indigenisation of technology for defence production.”

PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements regarding India's Multi-Role Fighter Aircraft (MRFA) procurement for 114 jets:

1. The Defence Acquisition Council's Acceptance of Necessity for the deal was granted in 2026.
2. Under the proposed deal, a majority of the aircraft would be assembled domestically rather than delivered fly-

away.

3. The deal has no connection to the earlier 126-aircraft MMRCA tender.

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

Answer: (a). Statement 3 is incorrect — the 114-jet requirement traces back to the original 126-aircraft MMRCA tender (2007), later scaled down and abandoned.

GS3

MRFA

Rafale Deal

IAF Squadron Strength

Defence Indigenisation

GS3

Defence Exports & Indigenisation – BrahMos, MTCR

1 October 2026 · Source: Defence Secretary Rajesh Kumar Singh's statement (reported by IANS, [IndianDefenseNews.in](https://www.indiandefensenews.in))

BrahMos Emerges as India's Flagship Defence Export as Earnings Set to Cross \$600 Million Across Three ASEAN Buyers

Why in News: Defence Secretary Rajesh Kumar Singh stated on 1 October 2026 that cumulative BrahMos supersonic cruise missile export earnings are set to exceed \$600 million, driven by contracts with the Philippines (~\$330 million, already delivered), Indonesia (~\$200 million, expected) and Vietnam (~\$100 million, projected), calling BrahMos “one of the anchors of our export momentum.” This comes against the backdrop of India's overall defence exports reaching ₹38,424 crore in FY2025-26, a 62.66% year-on-year increase, across more than 80 countries, with Defence Public Sector Undertakings contributing 54.84% and the private sector 45.16% of that total.

Background: BrahMos is a supersonic cruise missile jointly developed under a 1998 Indo-Russian intergovernmental agreement between DRDO (50.5% stake) and Russia's NPO Mashinostroyeniya (49.5%). Until India's accession to the Missile Technology Control Regime (MTCR) in June 2016, BrahMos export range was capped at 290 km under MTCR Category-I restrictions; post-MTCR membership, the range was extended to 450 km. The Philippines became BrahMos's first export customer via a 2022 deal worth \$375 million, with the first battery delivered in April 2024. All BrahMos exports require case-by-case Russian government consultation under a 2010 parliamentary assurance that sales go only “to friendly countries” — notably, Russia has approved sales to Vietnam, Indonesia and the Philippines, all of which calibrate the missile specifically against Chinese assertiveness in the South China Sea, even as Moscow deepens its own partnership with Beijing.

⚡ KEY FACTS

- BrahMos joint venture: DRDO (50.5%) + NPO Mashinostroyeniya, Russia (49.5%), formed under a 1998 intergovernmental agreement.
- Export earnings (as of 1 Oct 2026): set to cross \$600 million — Philippines ~\$330m, Indonesia ~\$200m, Vietnam ~\$100m.
- Philippines deal: signed 2022, \$375 million for three shore-based anti-ship batteries; first delivery April 2024.
- India's MTCR membership: June 2016; BrahMos range raised from a 290 km pre-MTCR cap to 450 km.
- India's total defence exports, FY2025-26: ₹38,424 crore, up 62.66% year-on-year, to 80+ countries.
- Export contributors: DPSUs 54.84%, private sector 45.16%.
- All third-country BrahMos sales require Russian government consultation (per a 2010 parliamentary statement restricting sales to “friendly countries”).

🎯 MAINS DIMENSIONS / ANALYSIS

- BrahMos is the clearest proof-of-concept for India's Atmanirbhar Bharat defence-export ambitions — a jointly-developed system now generating hard export revenue and strategic goodwill in the Indo-Pacific/Act East framework.
- Unresolved tension: exports to Vietnam, Indonesia and the Philippines are explicitly aimed at countering China, yet Russia (49.5% stakeholder) simultaneously deepens its own partnership with Beijing — critics call this a transactional, not alliance-consistent, approach to arms exports.
- Implementation challenge: scaling exports beyond the current three ASEAN buyers requires sustained Russian sign-off case by case, creating a structural dependency where India's "independent" export story still runs through Moscow's approval.
- Comparative angle: unlike fully indigenous export items (such as Akash missile systems, offered without third-country approval needs), BrahMos illustrates the strategic cost/benefit of joint-venture defence production.
- Way forward: the BrahMos-NG variant and fully indigenous successor systems are intended to reduce this Russia-dependency over time, aligning with the broader push for indigenous content in India's defence-export basket.

🧠 LET'S REMEMBER THIS THROUGH A TRICK

"290 before, 450 after" — BrahMos's range doubled only after India's 2016 MTCR entry; and "3 buyers, 1 rival" — Philippines, Indonesia, Vietnam all counter China's South China Sea claims.

📋 PYQ LINKAGE

Thematically adjacent to the standing GS3 theme of indigenisation of technology for defence production and defence-export architecture.

🎯 PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. With reference to the BrahMos missile system, consider the following statements:

1. It is a joint venture between India's DRDO and a Russian organisation, formed under a 1998 intergovernmental agreement.
 2. Its export range was capped below 300 km prior to India's membership of the Missile Technology Control Regime.
 3. The Philippines was the first foreign country to receive BrahMos missile systems under an export contract.
- 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: (d). All three statements are correct.

GS3

BrahMos

MTCR

Defence Exports

Atmanirbhar Bharat

§6 Science & Technology

GS3

Space Technology – Satellite Navigation, Indigenisation

29 September–2 October 2026 (launch window 15–20 October 2026) · Source: ISRO launch-tracking records; The Week; DT Next

NVS-03 and the Race to Restore NavIC's Four-Satellite Floor

Why in News: ISRO has begun the launch campaign for NVS-03, integrating it with the GSLV-F18 rocket at Satish Dhawan Space Centre, Sriharikota, with a launch window of 15–20 October 2026. The satellite is meant to restore India's NavIC regional navigation constellation to the minimum four operational satellites required for a standalone position fix — it currently has only three broadcasting navigation signals. This is ISRO's next major mission after its previous launch roughly two weeks earlier.

Background: NavIC (Navigation with Indian Constellation), earlier called IRNSS, was conceived to give India navigation independence from GPS/GLONASS/Galileo, covering India plus 1,500 km beyond its borders. The constellation fell below the required floor after two failures: NVS-02 failed to reach its intended orbit (29 January 2025) and IRNSS-1F's rubidium atomic clock failed in 2025 after completing its 10-year design life (launched March 2016). ISRO has previously validated an indigenous rubidium atomic clock on NVS-01, reducing import dependence after earlier clock failures prompted criticism.

⚡ KEY FACTS

- Launch vehicle: GSLV-F18 (GSLV Mk II); satellite platform: ISRO's I-2K bus; liftoff mass approximately 2,250 kg.
- Signal bands: L1, L5, S-band (navigation payload); C-band (ranging).
- L1 band specifically enables mass-market adoption in phones, smartwatches and fitness trackers.
- Current constellation: 11 NavIC satellites launched to date, only 8 functional, 3 broadcasting navigation signals; designed full constellation: 7 satellites (3 GEO + 4 GSO).
- Claimed positional accuracy: approximately 5 m, versus approximately 20 m for GPS.
- Two more satellites, NVS-04 and NVS-05, are in advanced development.
- A minimum of 4 satellites broadcasting navigation signals is required for a standalone position fix.

🎯 MAINS DIMENSIONS / ANALYSIS

- Restores sovereign Position-Navigation-Timing capability for defence use without dependence on foreign constellations that can be selectively denied in a crisis.

- Criticism/challenge: repeated single-point failures (clock failures, one botched orbit insertion) expose the fragility of a small constellation with no redundancy margin.
- Comparative angle: NavIC's claimed accuracy advantage over GPS is offset by its regional (not global) footprint, limiting strategic reach compared to GPS/Galileo/GLONASS/BeiDou.
- Implementation challenge: mass-market civilian adoption in smartphones has lagged despite L1-band design specifically for that purpose — chipset and OEM integration remains patchy.
- Way forward: completing the 7-satellite design constellation with NVS-04/05 and hastening indigenous clock-reliability work before dependency-critical defence use cases scale up.

LET'S REMEMBER THIS THROUGH A TRICK

“4 needed, 3 have — NVS-03 to restore the floor”: minimum 4 satellites for a fix, only 3 broadcasting before this launch.

PYQ LINKAGE

UPSC Prelims 2018 carried a statement-based question on IRNSS/NavIC's civilian and restricted services and coverage — this card is a direct, current-dated continuation.

PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements regarding NavIC:

1. NavIC was formerly known as IRNSS and is designed as a seven-satellite regional constellation.
2. A minimum of four satellites broadcasting navigation signals is required for the system to provide a standalone position fix.
3. NVS-03 is scheduled to be launched aboard the GSLV-F18 from Satish Dhawan Space Centre.

How many of the above statements are correct? (a) Only one (b) Only two (c) All three (d) None

Answer: (c). All three statements are correct.

GS3 NavIC IRNSS NVS-03 Position-Navigation-Timing

GS3

Emerging Technologies – Quantum Communication, Cybersecurity

Static Topic — not tied to a current event, anchored to ISRO's active QKD programme · Source: ISRO official technical page (Quantum Key Distribution)

Quantum Key Distribution: India's Physics-Based Answer to the Post-Quantum Threat

Why in This Edition: With ISRO's TDS-01 satellite — carrying a Quantum Communication Suite (QuTDS) meant to validate Quantum Key Distribution (QKD) from orbit — targeted for launch in November 2026, QKD is entering an active-deployment phase in India's space and strategic-communications programme, building on ISRO's own prior 300-metre free-space QKD demonstration at its Space Applications Centre (SAC), Ahmedabad.

Background: Conventional public-key cryptography (such as RSA) rests on the computational difficulty of factoring large primes — a difficulty a sufficiently powerful quantum computer could collapse via Shor's algorithm, making today's encrypted data retroactively vulnerable (“harvest now, decrypt later”). QKD

sidesteps this by deriving security from the laws of quantum mechanics itself: any attempt to intercept or measure a quantum-encoded key unavoidably disturbs it, per the no-cloning theorem, alerting the legitimate parties. ISRO's SAC Ahmedabad demonstrated India's first free-space QKD over 300 m between line-of-sight buildings at night, using an indigenous NavIC receiver for time synchronisation and a gimbal-mechanism tracking system as a lower-cost alternative to large telescopes.

KEY FACTS

- QKD provides security grounded in physical law, not computational complexity, per ISRO's own description.
- ISRO's 300 m demonstration was conducted at SAC, Ahmedabad, between two line-of-sight buildings, at night to avoid solar background noise.
- Indigenous technologies used: a NavIC receiver for time synchronisation and a gimbal mechanism as an alternative to large telescopes.
- The demonstration included a live videoconference secured end-to-end with quantum-key encryption.
- ISRO's next step is Satellite-Based Quantum Communication (SBQC), relaying QKD between Indian ground stations via satellite.
- TDS-01, ISRO's upcoming technology-demonstration satellite, will carry the QuTDS payload to validate QKD from orbit.
- QKD belongs to the National Quantum Mission (NQM), administered by the Department of Science and Technology, with four verticals: communication, computing, sensing and materials.

MAINS DIMENSIONS / ANALYSIS

- Offers long-term-proof security for strategic/defence and financial communications against future quantum-computing decryption threats, independent of classical cryptographic assumptions.
- Criticism/challenge: free-space/fibre QKD range is currently limited to metres-to-hundreds-of-km by photon loss and the no-cloning theorem (which also forbids simple quantum repeaters), making satellite relay the near-term path to national coverage.
- Analytical debate: QKD guarantees detection of eavesdropping but not confidentiality of classical channels, authentication, or endpoint security — critics argue well-implemented post-quantum (mathematical) cryptography may be more deployable sooner and more cheaply.
- Comparative angle: China's Micius satellite (2017) remains the benchmark for operational satellite-based QKD; ISRO's SBQC roadmap via TDS-01 represents India's entry into the same strategic-technology race.
- Way forward: scaling from a single 300 m ground link to a constellation-relayed national quantum-communication backbone under the National Quantum Mission.

LET'S REMEMBER THIS THROUGH A TRICK

“RSA fears the quantum computer; QKD fears nothing but a question” — ask (measure) the key, and you disturb it: physics-based versus math-based security.

PYQ LINKAGE

No direct past UPSC question identified on QKD specifically; thematically adjacent to the National Quantum Mission (Cabinet-approved, 2023) and recurring GS3 Mains themes on emerging technologies and cybersecurity.

PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements regarding Quantum Key Distribution (QKD):

1. Its security rests primarily on the computational difficulty of factoring large prime numbers.
2. Any attempt to intercept a quantum-encoded key is expected to measurably disturb the transmitted quantum state, alerting the communicating parties.
3. ISRO has demonstrated free-space QKD between two ground stations within 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) 1, 2 and 3

Answer: (b). Statement 1 is false — that describes RSA/classical public-key cryptography, the opposite of QKD's physics-based security.

GS3

Quantum Key Distribution

National Quantum Mission

TDS-01

No-Cloning Theorem

THEIAS AKADEMIA NAVIC's constellation math and quantum cryptography's physics both reward the same exam-day skill — converting a technical principle into a clean, exam-ready statement. That conversion is exactly what **LAKSHYAM AIR1** drills. Learn more at theiasakademia.com.

§7 Economy

GS3

Banking & Financial Stability – Systemic Risk, Macroprudential Regulation

3 October 2026 · Source: *Business Today*; *Business Standard*, reporting RBI Governor Sanjay Malhotra's address at the 5th Kautilya Economic Conclave

RBI Governor Flags “Next Crisis May Not Start in a Bank” — Systemic Risk Beyond the Regulatory Perimeter

Why in News: Speaking at the 5th Kautilya Economic Conclave in New Delhi on 3 October 2026, RBI Governor Sanjay Malhotra warned that “the next financial crisis may not originate in a bank, or even in finance” — it could begin with a geopolitical event, a cyberattack, or a technological failure and transmit through the financial system via multiple interconnected channels. He stressed that “today's resilience may not necessarily imply tomorrow's immunity,” calling for continuous vigilance over emerging vulnerabilities even as headline indicators currently look strong.

Background: Post-2008, global financial-stability architecture shifted from a bank-centric to a system-wide view, recognising that risk can migrate to non-bank financial intermediaries, payment systems, and now technology/cyber infrastructure. In India, the Financial Stability and Development Council (FSDC), chaired by the Finance Minister, coordinates macroprudential oversight across RBI, SEBI, IRDAI and PFRDA, while RBI's own Financial Stability Report assesses system-wide risk twice a year. Malhotra's remarks extend this discourse to new vectors — AI-driven finance, elevated global debt, and shortened bond maturities — that sit partly outside traditional banking regulation.

⚡ KEY FACTS

- Event: 5th Kautilya Economic Conclave, New Delhi, 3–5 October 2026.
- NBFC sector average Capital to Risk-weighted Assets Ratio (CRAR): 24.6% as of 31 March 2026, well above the 15% regulatory minimum.
- New-vector risks named: geopolitical shocks, cyberattacks, technological failures, stretched AI-sector valuations, model risk, erosion of human oversight in automated systems.
- Macro-context risks cited: elevated global debt-to-GDP, shortened sovereign bond maturities, hardened global bond yields.
- Core message: systemic interconnectedness across banks, NBFCs, payment systems and technology infrastructure now requires cross-sector monitoring, not sector-siloed supervision.
- Reframes regulatory philosophy from “crisis prevention” toward “building resilience,” since shocks are described as inevitable.

🎯 MAINS DIMENSIONS / ANALYSIS

- Signals a shift in India's macroprudential posture toward non-traditional origin points of systemic risk (cyber, geopolitical, AI) — relevant to debates on regulating BigTech/fintech and critical digital infrastructure as financial-stability concerns.
- Criticism: a strong current CRAR/health indicator can mask forward-looking vulnerabilities; Indian regulators have historically been reactive (e.g., post-IL&FS NBFC reforms) rather than pre-emptive.
- Implementation challenge: monitoring frameworks built for balance-sheet risk are not naturally suited to assessing cyber or AI-model risk, which lack standardised stress-testing metrics.
- Comparative angle: echoes global regulators' (BIS, FSB) post-pandemic emphasis on non-bank financial intermediation and operational resilience.
- Way forward: the Governor's own priorities — better data/monitoring, system-wide resilience, mapping contagion channels, balancing innovation with trust, and proactive forward-looking regulation.

🧠 LET'S REMEMBER THIS THROUGH A TRICK

“24.6% vs 15% — strong today, but Malhotra says strong CRAR ≠ future immunity.”

📌 PYQ LINKAGE

UPSC Prelims 2013 asked a direct question on the Financial Stability and Development Council (FSDC) — this card is a natural continuation of that institutional theme.

🎯 PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements:

1. As of 31 March 2026, the average Capital to Risk-weighted Assets Ratio (CRAR) of India's NBFC sector stood above the regulatory minimum prescribed by the RBI.
2. The Financial Stability and Development Council (FSDC) is a statutory body chaired by the Reserve Bank of India Governor.
3. Per the RBI Governor's October 2026 remarks, systemic financial risk can originate outside the formal financial sector, such as through cyberattacks or geopolitical shocks.

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: (c). Statement 2 is false — the FSDC is a non-statutory body chaired by the Union Finance Minister, not the RBI Governor.

GS3

Kautilya Economic Conclave

Systemic Risk

NBFC CRAR

FSDC

GS3

External Sector – Balance of Payments, Exchange Rate Management

2 October 2026 (RBI data for week ended 25 September 2026) · Source: RBI Weekly Statistical Supplement, reported by Business Standard

India's Forex Reserves Post Biggest-Ever Weekly Decline Amid Rupee Defence

Why in News: RBI data released on 2 October 2026 showed India's foreign exchange reserves fell by \$18.3 billion in the week ended 25 September 2026 — to \$747.6 billion — marking the largest single-week decline on record. This followed a \$14.9 billion drop the week before (to \$765.9 billion), making for a cumulative \$38.1–38.2 billion fall over three weeks from the recent peak of \$785.7 billion (week ended 4 September 2026). The rupee itself depreciated roughly 0.5% to around 96.31/USD, with Brent crude crossing \$100/barrel and US 10-year Treasury yields at 5.34% — their highest since 2002 — forming the external backdrop.

Background: India's forex reserves comprise Foreign Currency Assets (the largest component), gold, Special Drawing Rights, and India's Reserve Tranche Position at the IMF. RBI actively manages rupee volatility — not purely accumulating reserves passively — through spot and forward-market interventions, including dollar-rupee swaps, which mechanically draw down headline reserves even without any change in India's underlying external position. Reserve adequacy is conventionally assessed via import-cover months and the ratio of reserves to short-term external debt, metrics debated since India's 1991 balance-of-payments crisis made reserve buffers a policy priority.

⚡ KEY FACTS

- Reserves: \$747.6 billion (week ended 25 Sep 2026), down \$18.3 billion week-on-week — the largest-ever single-week fall.
- Prior week (18 Sep 2026): \$765.9 billion, down \$14.9 billion; recent peak: \$785.7 billion (week ended 4 Sep 2026).
- Three-week cumulative decline: approximately \$38.1–38.2 billion.
- Foreign Currency Assets: \$615.4 billion (down \$15.6 billion); Gold: \$108.7 billion (down \$2.6 billion).
- SDRs: \$18.6 billion (down \$97 million); IMF Reserve Position: \$4.8 billion (down \$86 million).
- Rupee at approximately 96.31/USD; Brent crude above \$100/barrel; US 10-year Treasury yield at 5.34%, highest since 2002.
- India's Q1 FY27 (Apr–Jun 2026) current account deficit had widened to \$4.2 billion (0.5% of GDP), with FPI recording a \$9.6 billion outflow.

🎯 MAINS DIMENSIONS / ANALYSIS

- A record weekly reserve drawdown signals the scale of RBI's intervention to defend the rupee against a genuinely adverse external environment, rather than any single domestic trigger.

- Criticism/trade-off: defending a currency level by selling reserves is a finite strategy — aggressive intervention preserves short-term stability but depletes the very buffer meant for a genuine crisis.
- Implementation challenge: distinguishing valuation effects (dollar/gold price movements) from genuine RBI-driven depletion requires granular breakdowns that headlines often conflate.
- Comparative angle: recalls the long-running debate on whether export-led reserve accumulation retains relevance in a world of volatile capital flows, now sharpened by the reverse question of how fast a large reserve stock can be run down under stress.
- Way forward: sustained reliance on tools such as the FCNR(B) swap window to rebuild non-reserve-depleting dollar inflows, alongside calibrated intervention that smooths volatility without committing to defending a specific rupee level.

LET'S REMEMBER THIS THROUGH A TRICK

“\$785.7bn peak (4 Sep) → \$747.6bn (25 Sep): −\$38bn in 3 weeks, biggest-ever single week −\$18.3bn.”

PYQ LINKAGE

UPSC Mains 2014, GS3: “Garnering vast foreign exchange reserves, acquired through 'export-led growth' strategy, has lost its relevance in a volatile global economic scenario. Critically analyse.”

PROBABLE PRELIMS MCQ (STATEMENT-BASED)

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

1. Foreign Currency Assets form the single largest component of India's forex reserves.
2. A fall in headline forex reserves in a given week always indicates a worsening of India's current account position.
3. The RBI intervenes in both spot and forward foreign exchange markets to manage rupee volatility.

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: (b). Statement 2 is false — reserve changes also reflect valuation movements and RBI's active intervention, not only the current account.

GS3

Forex Reserves

RBI Intervention

Rupee Depreciation

External Sector

GS3

Government Budgeting & Indirect Taxation – GST, Fiscal Federalism

1–2 October 2026 (GST data for September 2026) · Source: GST Network/CBIC data, reported by CA Club India/A2Z Taxcorp

GST Collections Cross ₹2 Lakh Crore Again — Reading the Import vs Domestic Split

Why in News: Gross GST collections for September 2026 rose 14.7% year-on-year to ₹2,03,521 crore, up from ₹1,77,365 crore in September 2025. Net GST revenue (after refunds) grew even faster, at 18.1%, to ₹1,76,520 crore. However, the two components grew very unevenly: import-linked GST surged 25.9% to ₹65,525 crore, while domestic GST revenue rose a more modest 10.1% to ₹1,37,996 crore — a divergence analysts flagged as meaning headline growth partly reflects import/trade dynamics rather than pure domestic consumption strength.

Background: GST is a destination-based consumption tax levied concurrently by the Centre (CGST) and States (SGST), with IGST applying to inter-state/import transactions, apportioned between Centre and States; the GST Council (Article 279A) sets rates and policy. A major rate-rationalisation exercise ("GST 2.0") cut rates on a wide range of goods around September 2025, making September 2026's year-on-year comparison the first full post-reform like-for-like read, and the 14.7% gross growth a signal of consumption/compliance buoyancy despite lower effective rates on many items.

KEY FACTS

- Gross GST (Sep 2026): ₹2,03,521 crore versus ₹1,77,365 crore (Sep 2025) — up 14.7% year-on-year.
- Net GST revenue (post-refunds): ₹1,76,520 crore, up 18.1% year-on-year.
- Component split: CGST ₹37,762 crore; SGST ₹45,363 crore; IGST ₹54,871 crore.
- Import-linked GST: ₹65,525 crore, up 25.9%; Domestic GST revenue: ₹1,37,996 crore, up 10.1%.
- Refunds issued: ₹27,001 crore, down roughly 3% year-on-year.
- Six-month cumulative (Apr–Sep 2026) gross GST: ₹12,46,278 crore, up 11.6% year-on-year.
- State-wise divergence: Assam (+88%) and Manipur (+145%) led growth; Sikkim (–51%) and Tamil Nadu (–5%) recorded declines.

MAINS DIMENSIONS / ANALYSIS

- Double-digit gross growth a year after GST 2.0 rate cuts suggests the reform may be revenue-buoyant via higher compliance/consumption rather than revenue-negative as some feared at rollout.
- Criticism/caution: the much faster growth in import-linked GST than domestic GST means part of the headline strength is trade-volume/price driven, not purely a sign of robust domestic demand.
- Implementation challenge: the extreme state-wise divergence raises compensation/fiscal-federalism questions about uneven consumption recovery across states post rate-rationalisation.
- Comparative angle: feeds the recurring debate over GST's regressivity and revenue-neutrality versus its efficiency gains (elimination of cascading taxes, unified national market).
- Way forward: closer scrutiny of refund processing and state-wise diagnostics to identify whether declines reflect base effects, sectoral slowdown, or compliance issues.

LET'S REMEMBER THIS THROUGH A TRICK

"14.7% headline, but import GST (+25.9%) outran domestic GST (+10.1%) — don't read the top line alone."

PYQ LINKAGE

UPSC Mains 2017, GS3: "Explain the rationale behind the Goods and Services Tax (Compensation to States) Act of 2017."

PROBABLE PRELIMS MCQ (STATEMENT-BASED)

Q. Consider the following statements regarding India's Goods and Services Tax (GST):

1. GST is a destination-based tax levied concurrently by the Union and the States.
2. Net GST revenue is computed after adjusting gross collections for refunds issued during the period.
3. A sharper rise in import-linked GST compared to domestic GST necessarily indicates stronger domestic consumption demand.

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). Statement 3 is false — faster import-GST growth reflects trade/import dynamics, not domestic demand strength.

GS3

GST Collections

GST 2.0

Fiscal Federalism

CGST/SGST/IGST

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