THEIAS AKADEMIA · MORNING EDITION · 08:00 IST

ANTIM ASSURED 100+

PART I · HEADLINES TO ECONOMY

Wednesday, 05 August 2026

"Every Topper's Last Read"

§1 · TOP HEADLINES

1. Lok Sabha passes the Supreme Court (Number of Judges) Amendment Bill, 2026 — apex court strength raised from 34 to 38 **GS2**
2. Legislating amid disruption: two major Bills clear Parliament with minimal debate — the scrutiny question **GS2**
3. Yuva Sangam Phase VII opens under Ek Bharat Shreshtha Bharat — 20 nodal institutions, 18-30 age cohort **GS2**
4. India hosts the 13th BRICS Education Ministers' Meeting at Bhubaneswar under its 2026 chairship **GS2**
5. Static IR Focus: BIMSTEC — the Bay of Bengal grouping, its Charter, and India's sectoral lead on Security **GS2**
6. Static Security Focus: India's counter-terror architecture — NIA, UAPA, NATGRID and the Multi-Agency Centre **GS3**
7. C-DAC and Geological Survey of India sign Umbrella MoU — AI, HPC, subsurface mapping and a geoscience LLM **GS3**
8. Static S&T Focus: Glacial Lake Outburst Floods and radar-based slope monitoring **GS1/GS3**
9. RBI's MPC holds repo rate at 5.25% for a fourth straight meeting; FY27 growth raised to 6.7%, inflation cut to 5.0% **GS3**
10. Rajya Sabha passes the MSMED (Amendment) Bill, 2026 — mandatory TReDS for CPSEs, decriminalisation, faster dispute resolution **GS3**
11. NITI Aayog's first Investment Friendliness Index ranks States on eight weighted pillars **GS3**

12. India launches the Clouded Leopard Conservation Action Plan — 14 priority landscapes across the Northeast ENV
13. Species in News: the Red Panda — the Eastern Himalaya's bamboo specialist ENV

§2 · POLITY & GOVERNANCE

GS2 Judiciary · Article 124 · Judicial Reform

Lok Sabha passage 3 August 2026 · Source: PIB / Sansad proceedings / SCC

Lok Sabha Passes the Supreme Court (Number of Judges) Amendment Bill, 2026 — Apex Court Strength Raised to 38

Why in News: The Lok Sabha on 3 August 2026 passed the Supreme Court (Number of Judges) Amendment Bill, 2026, which amends Section 2 of the Supreme Court (Number of Judges) Act, 1956 to raise the sanctioned strength of judges other than the Chief Justice of India from 33 to 37. Including the CJI, the apex court's total sanctioned strength therefore moves from 34 to 38 — the first such expansion since 2019. The amendment takes effect retrospectively from 16 May 2026 and replaces the Supreme Court (Number of Judges) Amendment Ordinance, 2026, which had already given effect to the increase. The Bill was passed with very little discussion as Opposition members continued protests in the House.

Background: Article 124(1) of the Constitution provides that the Supreme Court "shall consist of a Chief Justice of India and, until Parliament by law prescribes a larger number, of not more than seven other Judges." Parliament has used that enabling power repeatedly: the strength stood at 8 in 1950, was raised to 11 by the 1956 Act, then successively to 14 (1960), 18 (1977-78), 26 (1986), 31 (2009) and 34 (2019). Each expansion has been justified on the same ground — mounting arrears — and each has revived the same structural debate about whether adding judges, without reforming case-flow management and the appointments process, actually reduces pendency. Because the increase was first effected by Ordinance under Article 123, the Bill also carries the standard constitutional requirement that an ordinance be replaced by legislation within six weeks of Parliament reassembling.

KEY FACTS

- Bill amends **Section 2** of the Supreme Court (Number of Judges) Act, **1956**.
- Judges other than the CJI: **33** → **37**; total strength including the CJI: **34** → **38**.
- **Retrospective effect from 16 May 2026**; replaces the Supreme Court (Number of Judges) Amendment Ordinance, 2026.
- Enabling constitutional provision: **Article 124(1)** — "not more than seven other Judges" until Parliament prescribes a larger number.
- Ordinance-making power used: **Article 123**; an ordinance ceases to operate six weeks after Parliament reassembles unless replaced.
- Historical strength ladder: **8 (1950)** → **11 (1956)** → **14 (1960)** → **18 (1977-78)** → **26 (1986)** → **31 (2009)** → **34 (2019)** → **38 (2026)**.
- Judges are appointed by the President under **Article 124(2)**; the Collegium system flows from the Second and Third Judges cases (1993, 1998).
- Passed in the Lok Sabha amid Opposition protests, with minimal floor debate.

MAINS DIMENSIONS / ANALYSIS

- **Does more judges mean less pendency?** Expansion addresses the supply side but leaves untouched the demand side — government as the largest litigant, adjournment culture, and the absence of a structured case-management system. Several Law Commission reports have argued that judge-strength increases without procedural reform produce diminishing returns.
- **Bench composition and constitutional benches.** A larger court permits more simultaneous Benches, including more frequent five- and seven-judge Constitution Benches under Article 145(3) — a genuine institutional gain, since the backlog of pending constitutional references is itself a significant governance problem.
- **The polyvocality critique.** Scholars caution that as the Court grows it increasingly sits in small two-judge Benches, producing inconsistent precedent — the "polyvocal court" problem. Expansion may deepen this unless Bench-strength conventions are simultaneously reformed.
- **Appointments bottleneck.** Sanctioned strength is meaningless without timely appointments; the recurring friction between the Collegium and the Executive over Memorandum of Procedure revisions means vacancies frequently persist even against existing sanctioned strength.

- **Legislative process concern.** Effecting the change first by Ordinance and then passing the replacing Bill with minimal debate raises the question of whether judicial-structure legislation — which touches the basic architecture of a co-equal branch — should ordinarily go through a Department-related Standing Committee.

🧠 **LET'S REMEMBER THIS THROUGH A TRICK**

Memorise the pair **"33 + 1 = 34, now 37 + 1 = 38"**. UPSC almost always frames this as a trap between the "judges other than the CJI" figure and the "total including the CJI" figure — know both, and know which one the statute actually specifies (the statute specifies the *other* judges: 37).

📋 **PYQ LINKAGE**

GS2 2019: "Judicial legislation is antithetical to the doctrine of separation of powers as envisaged in the Indian Constitution." · GS2 2017: "Critically examine the procedure through which the Presidents of India and France are elected" (comparative constitutional-office questioning style) · GS2 recurring: reform of the higher judiciary, NJAC verdict and the Collegium.

🎯 **PROBABLE PRELIMS MCQ (STATEMENT-BASED)**

Q. Consider the following statements regarding the strength of the Supreme Court of India:

1. The Constitution itself fixes the maximum number of judges of the Supreme Court, which can be altered only by a constitutional amendment.
2. The Supreme Court (Number of Judges) Amendment Bill, 2026 raises the number of judges other than the Chief Justice of India to 37.
3. The 2026 increase was first given effect through an Ordinance.

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 — Article 124(1) expressly allows Parliament to prescribe a larger number *by law*, i.e. by ordinary legislation, not constitutional amendment.

GS2 · **Article 124** · **Judicial Pendency** · **Article 123 Ordinance** · **Collegium**

GS2 | Parliament · Legislative Scrutiny · Committees

Analytical card, anchored to 3-4 August 2026 proceedings · Source: Sansad proceedings / legislative reporting

Legislating Amid Disruption: Two Major Bills Clear Parliament With Minimal Debate

Why in News: On 3 August 2026, within a single sitting day, the Lok Sabha passed the Supreme Court (Number of Judges) Amendment Bill, 2026 "with very little discussion" and the Rajya Sabha passed the Micro, Small and Medium Enterprises Development (Amendment) Bill, 2026 by voice vote — both amid sustained Opposition protests over unrelated matters. Two substantial pieces of legislation, one restructuring the apex court and the other rewriting India's MSME payments and classification regime, therefore reached the statute book with almost no recorded floor scrutiny. This is not a one-off; it is the visible symptom of a structural decline in India's legislative-scrutiny machinery.

Background: India's post-1993 answer to the problem of thin floor debate was the Department-related Standing Committee (DRSC) system — 24 committees, each shadowing a cluster of ministries, examining Bills clause by clause, taking evidence from stakeholders and reporting back. Committees are described as "mini-Parliaments" precisely because they work outside the glare of the House, are not whipped, and permit cross-party technical deliberation. Referral to a DRSC is, however, discretionary: the presiding officer of either House may refer a Bill, but is not obliged to. Over successive Lok Sabhas the proportion of Bills referred to committees has fallen sharply, while the proportion passed within days of introduction has risen. When the House is simultaneously disrupted, the result is legislation that has been neither debated on the floor nor examined in committee.

KEY FACTS

- **Two Bills, one day:** SC (Number of Judges) Amendment Bill (Lok Sabha) and MSMED (Amendment) Bill (Rajya Sabha), both 3 August 2026.
- **DRSC system:** introduced in **1993**; currently **24 Department-related Standing Committees** — 16 servicing the Lok Sabha, 8 the Rajya Sabha.
- Each DRSC has **31 members** (21 Lok Sabha + 10 Rajya Sabha), nominated by the Speaker/Chairman for a one-year term.
- Committee reports are **persuasive, not binding** on the government — their force is deliberative, not mandatory.

- **Voice vote** passage means no division is recorded, so individual members' positions are not on record.
- Financial Committees stand apart: Public Accounts Committee, Estimates Committee, Committee on Public Undertakings.
- Constitutional grounding: Article 105 (privileges), Article 118 (each House may make rules of procedure), Article 100 (quorum = one-tenth of total membership).
- Anti-defection pressure under the **Tenth Schedule** further narrows independent floor positions on whipped votes.

🎯 **MAINS DIMENSIONS / ANALYSIS**

- **Scrutiny deficit as a governance risk.** Bills passed without clause-by-clause examination carry higher drafting-error risk, which later surfaces as litigation — shifting the burden of correction from Parliament to the judiciary and inverting the separation of powers.
- **Disruption as an Opposition instrument.** Disruption is often defended as the only leverage a numerically weak Opposition has when it cannot secure a discussion. The counter-argument is that disruption forfeits the Opposition's own most effective tool — the recorded, reasoned objection that shapes public opinion and future amendment.
- **The case for mandatory referral.** A frequently proposed reform is to make DRSC referral the default for any Bill above a defined significance threshold, with the presiding officer required to record written reasons for non-referral — converting discretion into accountable discretion.
- **Productivity and calendar reform.** Proposals include a fixed minimum number of annual sitting days, an Opposition-controlled share of House time (as in the UK's Opposition Days), and pre-legislative consultation with a mandatory 30-day public comment window under the 2014 pre-legislative consultation policy — which remains inconsistently followed.
- **Federal dimension.** The same pattern is visible in many State legislatures, several of which sit for fewer than 30 days a year — making the scrutiny deficit a whole-of-system issue, not a Union Parliament problem alone.

🧠 **LET'S REMEMBER THIS THROUGH A TRICK**

Fix the number set **"24 committees · 31 members · 21+10 split · since 1993"**. Then remember the one-line critique that carries any Mains answer on this theme: *a Bill not* *examined in committee and not debated on the floor has been legislated, but it has not been scrutinised.*

📋 **PYQ LINKAGE**

GS2 2021: "'Pressure groups play a vital role in influencing public policy making in India.' Explain how the business associations contribute to public policies." · GS2 2017: "To what extent, in your opinion, has the decentralisation of power in India changed the governance landscape?" · GS2 recurring and high-probability: role and effectiveness of Parliamentary Committees; declining productivity of Indian legislatures.

🎯 **PROBABLE PRELIMS MCQ (STATEMENT-BASED)**

Q. Consider the following statements about Department-related Standing Committees (DRSCs) of the Indian Parliament:

1. Every Bill introduced in Parliament must be referred to the concerned DRSC before it can be passed.
2. Recommendations of a DRSC are advisory in nature and are not binding on the Government.
3. A DRSC includes members from both Houses of Parliament.

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). Referral is discretionary, not mandatory — which is precisely the reform point at issue.

GS2 · Parliamentary Committees · Legislative Scrutiny · DRSC · Tenth Schedule

GS2 Education Governance · National Integration · NEP 2020

Registrations opened 4 August 2026 · Source: PIB / Ministry of Education / AICTE-EBSB portal

Yuva Sangam Phase VII Opens Under Ek Bharat Shreshtha Bharat — 20 Nodal Higher Education Institutions

Why in News: Online registrations for Phase VII of Yuva Sangam, the Department of Higher Education's flagship youth-exchange programme under Ek Bharat Shreshtha Bharat (EBSB), opened on 4 August 2026 on the AICTE-hosted EBSB portal. For this phase, 20 higher education institutions — including IITs, IIMs, NITs and Central Universities — have been designated as nodal institutions to host and facilitate the exchanges. Selected participants aged 18-30, drawn from higher education institutions, NSS and NYKS volunteers and young professionals, will undertake five-to-seven-day educational and cultural tours to their paired State or Union Territory.

Background: Ek Bharat Shreshtha Bharat was announced in 2015 on the 140th birth anniversary of Sardar Vallabhbhai Patel and operationalised as a structured State/UT pairing system through which paired jurisdictions exchange language, literature, cuisine, festivals, tourism and cultural practice over a defined calendar. Yuva Sangam is the higher-education arm of that architecture, built on five experiential pillars often summarised as the five Ps — *Paryatan* (tourism), *Parampara* (traditions), *Pragati* (development), *Prodyogik* (technology) and *Paraspar Sampark* (people-to-people connect). The programme also operationalises the National Education Policy 2020's emphasis on multilingualism, Indian knowledge systems and holistic, experiential learning, and gives institutional shape to the Fundamental Duty under Article 51A(e) to promote harmony and a spirit of common brotherhood transcending regional and linguistic diversities.

KEY FACTS

- Registrations for **Phase VII** opened **4 August 2026** at the EBSB portal (ebsb.aicte-india.org) and ekbharat.gov.in.
- **20 nodal higher education institutions** — IITs, IIMs, NITs and Central Universities — host and facilitate the exchanges.
- Eligibility: youth aged **18-30**, including HEI students, **NSS** and **NYKS** volunteers, and young professionals.
- Exposure visits run **five to seven days** to the participant's paired State/UT.
- Implemented by the **Department of Higher Education**, Ministry of Education, with AICTE as portal partner.
- EBSB announced in **2015**, on Sardar Patel's 140th birth anniversary (Rashtriya Ekta Diwas, 31 October).
- Five pillars: **Paryatan, Parampara, Pragati, Prodyogik, Paraspar Sampark**.
- Constitutional anchor: **Article 51A(e)** — Fundamental Duty to promote harmony and common brotherhood.

MAINS DIMENSIONS / ANALYSIS

- **National integration as programmable policy.** EBSB is one of the few schemes that treats integration not as sentiment but as a designed, budgeted, calendarised administrative process with measurable participation — a useful counter-example in answers on "unity in diversity" that otherwise stay abstract.

- **Language politics.** Structured exchange can defuse the zero-sum framing of India's language debates by turning exposure to a second Indian language into an aspirational rather than an imposed experience — but only if pairings are genuinely reciprocal and not one-directional.
- **Equity of access.** Because nodal institutions are elite HEIs, there is a real risk the programme reaches the already-mobile urban student and misses first-generation learners in State universities and colleges — the very cohort for whom exposure would be most transformative.
- **Measurement problem.** Outcome metrics for attitudinal programmes are notoriously weak; participation counts are an input, not an outcome. Robust evaluation would require pre- and post-exchange attitudinal survey design.
- **NEP 2020 linkage.** The programme operationalises NEP's multilingualism and experiential-learning commitments and feeds the internationalisation-at-home logic that also underlies India's push on Mutual Recognition of Qualifications in multilateral education fora.

🧠 **LET'S REMEMBER THIS THROUGH A TRICK**

Lock the **five Ps** — Paryatan, Parampara, Pragati, Prodyogik, Paraspar Sampark — and pair them with the number set **"Phase VII · 20 nodal HEIs · ages 18-30 · 5-7 days."** Then attach **Article 51A(e)**; the constitutional hook is what lifts this from a scheme-recall answer to an analytical one.

📋 **PYQ LINKAGE**

GS1 2020: "Highlight the Central Asian and Greco-Bactrian elements in Gandhara art" (cultural-synthesis framing) · GS2 2018: "How far do you agree with the view that tribunals curtail the jurisdiction of ordinary courts?" (institutional-design framing) · GS1/GS2 recurring: national integration, regionalism, and the role of Fundamental Duties.

🎯 **PROBABLE PRELIMS MCQ (STATEMENT-BASED)**

Q. Consider the following statements about the Ek Bharat Shreshtha Bharat (EBSB) initiative:

1. It works on a system of pairing States and Union Territories for structured cultural exchange.
2. The Yuva Sangam youth-exchange programme is implemented under the Ministry of Youth

Affairs and Sports.

3. It was announced on the birth anniversary of Sardar Vallabhbhai Patel.

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). Yuva Sangam is run by the Department of Higher Education, Ministry of Education — not the Ministry of Youth Affairs and Sports.

GS2 | Ek Bharat Shreshtha Bharat | Yuva Sangam | NEP 2020 | Article 51A

§3 · INTERNATIONAL RELATIONS

GS2 | BRICS · Education Diplomacy · Plurilateralism

5-7 August 2026, Bhubaneswar · Source: PIB / Ministry of Education

India Hosts the 13th BRICS Education Ministers' Meeting at Bhubaneswar Under Its 2026 Chairship

Why in News: Under India's BRICS chairship for 2026, the Ministry of Education is hosting the 13th BRICS Education Ministers' Meeting together with the 3rd BRICS Senior Officials' Meeting at Bhubaneswar, Odisha, from 5 to 7 August 2026, with the ministerial segment scheduled for 7 August. Union Education Minister Pralhad Joshi is leading the Indian side. The agenda covers Early Childhood Care and Education (ECCE), expansion of technical and vocational cooperation through the BRICS TVET Cooperation Alliance, collaborative research, innovation and start-ups, advancing a Mutual Recognition of Qualifications (MRQ) framework, and capacity-building for academic leadership across member states.

Background: BRICS began as an investment-bank acronym in 2001, acquired political form as BRIC in 2006, held its first standalone summit at Yekaterinburg in 2009, and added South Africa in 2010. Its 2024 expansion — bringing in Egypt, Ethiopia, Iran and the UAE, with Indonesia joining subsequently — transformed it from a compact caucus of large emerging economies into a broad Global South platform, and correspondingly raised the difficulty of consensus. Alongside summit-level diplomacy, BRICS runs a dense sectoral track: finance (the New Development Bank, headquartered in Shanghai, and the Contingent Reserve Arrangement), statistics, health, agriculture, energy — and education, which since 2013 has produced the BRICS Network University and a recurring ministerial. India's education agenda for this cycle deliberately mirrors its domestic NEP 2020 priorities, projecting them outward as templates for South-South cooperation.

KEY FACTS

- **13th BRICS Education Ministers' Meeting** + **3rd Senior Officials' Meeting**, Bhubaneswar, **5-7 August 2026**; ministerial segment on **7 August**.
- Held under **India's BRICS chairship 2026**; led by Union Education Minister **Pralhad Joshi**.
- Agenda pillars: **ECCE**, **TVET** via the BRICS TVET Cooperation Alliance, research/innovation/start-ups, **Mutual Recognition of Qualifications (MRQ)**, academic leadership capacity.
- BRICS origins: **BRIC 2006** → first summit **Yekaterinburg, 2009** → South Africa added **2010**.
- **2024 expansion** added Egypt, Ethiopia, Iran and the UAE; Indonesia joined subsequently.
- Financial architecture: **New Development Bank** (HQ Shanghai, established 2014-15) and the **Contingent Reserve Arrangement**.
- Existing education instrument: the **BRICS Network University**, operating since 2015.
- MRQ matters because qualification non-recognition is the single largest non-tariff barrier to skilled-labour mobility between member states.

MAINS DIMENSIONS / ANALYSIS

- **Education as soft power and as trade.** MRQ is not a cultural gesture — it is functionally a services-trade liberalisation instrument. Recognition of qualifications directly determines whether Indian graduates and technicians can work across BRICS economies, making it a labour-mobility negotiation dressed as an education agenda item.
- **Demographic complementarity.** India's young workforce and the ageing profiles of several partner economies create a structural match; TVET harmonisation is the mechanism through which that complementarity becomes economically realisable.
- **The cohesion problem after expansion.** A larger, more heterogeneous BRICS — spanning states with sharply divergent political systems and mutual rivalries — makes binding outcomes harder. Sectoral tracks like education are where the grouping can still deliver concrete deliverables when the political track stalls.
- **Federal showcase.** Hosting in Bhubaneswar rather than Delhi reflects a deliberate pattern of distributing multilateral events across States — projecting federal capacity and

generating local infrastructure and tourism dividends.

- **Alignment risk.** Exporting NEP-derived frameworks presumes partner systems find them portable; genuine mutual recognition requires India to accept incoming qualifications too, which will test domestic regulatory bodies.

🧠 **LET'S REMEMBER THIS THROUGH A TRICK**

Use the mnemonic **"E-T-M"** for this ministerial's three deliverables — **E**CCE, **T**VET Alliance, **M**RQ. And separate the two BRICS events India hosted in the same week: *statistics in Lucknow, education in Bhubaneswar* — different tracks, different cities, easily confused in an MCQ.

📋 **PYQ LINKAGE**

GS2 2022: "'The USA is facing an existential threat in the form of a China, that is much more challenging than the erstwhile Soviet Union.' Explain." · GS2 2021: "'Quadrilateral Security Dialogue (Quad) is transforming itself into a trade bloc from a military alliance.' Discuss." · GS2 recurring: India's role in plurilateral groupings and Global South leadership.

🎯 **PROBABLE PRELIMS MCQ (STATEMENT-BASED)**

Q. Consider the following statements regarding BRICS:

1. The New Development Bank is headquartered in Shanghai.
2. The BRICS Network University is an initiative under the grouping's education track.
3. Egypt, Ethiopia, Iran and the UAE became members in the 2024 expansion.

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 are correct.

GS2 **BRICS 2026 Chairship** **MRQ** **TVET Alliance** **New Development Bank**

GS2 Regional Grouping · Neighbourhood First · Act East

Static Topic — not tied to a current event · Source: MEA / BIMSTEC Secretariat documents

Static IR Focus: BIMSTEC — The Bay of Bengal Grouping, Its Charter, and India's Sectoral Lead on Security

Why in This Edition (Static Profile): With India simultaneously chairing BRICS and running an intensive multilateral calendar, this static card fills the second IR slot with the regional grouping that most directly fuses India's Neighbourhood First and Act East policies — and which UPSC has repeatedly used as a Prelims mapping-and-membership question. It is clearly labelled static: it is not tied to a 5 August development.

Background: BIMSTEC — the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation — was created by the Bangkok Declaration of 6 June 1997 as BIST-EC (Bangladesh, India, Sri Lanka, Thailand). Myanmar joined in December 1997 making it BIMST-EC, and Nepal and Bhutan acceded in 2004, producing the present seven-member configuration and the current name. Its salience for India rose sharply as SAARC became paralysed by India-Pakistan tensions: BIMSTEC offers a regional platform that excludes Pakistan, includes two ASEAN members (Myanmar and Thailand), and is organised around a shared maritime space rather than a contested land frontier. A permanent Secretariat was established at Dhaka in 2014, and the grouping finally acquired a legal personality with the BIMSTEC Charter, adopted at the Fifth Summit in Colombo in 2022 and brought into force in 2024.

KEY FACTS

- **Seven members:** Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, Thailand — five from South Asia, two from Southeast Asia.
- Founded by the **Bangkok Declaration, 6 June 1997** as BIST-EC; became BIMSTEC on Nepal and Bhutan's accession in **2004**.
- **Secretariat: Dhaka**, Bangladesh, established **2014**.
- **BIMSTEC Charter** adopted at the **5th Summit, Colombo, 2022**; entered into force **2024** — giving the grouping international legal personality.
- Reorganised into **seven sectors**, each led by one member: **India leads Security**; Bangladesh — Trade, Investment & Development; Bhutan — Environment & Climate Change; Myanmar — Agriculture & Food Security; Nepal — People-to-People Contact; Sri Lanka — Science, Technology & Innovation; Thailand — Connectivity.
- **6th Summit** held at Bangkok in **2025**, adopting the "BIMSTEC Bangkok Vision 2030."
- The Bay of Bengal is the world's largest bay; the grouping's members together account for roughly a fifth of the global population.

- Related connectivity projects in the same theatre: the **Kaladan Multi-Modal Transit Transport Project** and the **India-Myanmar-Thailand Trilateral Highway**.

🎯 **MAINS DIMENSIONS / ANALYSIS**

- **Why BIMSTEC over SAARC.** SAARC's consensus rule allows a single member to veto progress; BIMSTEC's geography excludes that veto and adds ASEAN linkage. But substituting a forum does not substitute for the underlying problem — regional trade integration in South Asia remains among the lowest of any world region.
- **Implementation deficit.** BIMSTEC's chronic weakness is delivery: the Free Trade Area framework agreement dates to 2004 and remains unconcluded, and summits have historically been irregular. The Charter and the sectoral reorganisation are institutional attempts to fix exactly this.
- **Security lead as strategic opportunity.** India's leadership of the Security pillar covers counter-terrorism, transnational crime, disaster management and energy security — giving India agenda-setting power over precisely the issues where Bay of Bengal littorals most need coordination, including HADR after cyclones.
- **The Myanmar problem.** Post-2021 political instability in Myanmar complicates both the connectivity projects that run through it and the grouping's legitimacy calculus — a live tension between engagement and normative distance.
- **China's shadow.** Every BIMSTEC member other than India and Bhutan participates in Chinese infrastructure financing; BIMSTEC's practical test is whether it can offer a credible alternative connectivity package rather than merely a diplomatic counterweight.

🧠 **LET'S REMEMBER THIS THROUGH A TRICK**

Membership mnemonic: **"B-B-I-M-N-S-T"** — Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, Thailand. Note the two negatives UPSC loves to test: **Pakistan is NOT a member; Maldives is NOT a member**. And fix the pair **"Dhaka Secretariat, Colombo Charter"**.

📋 **PYQ LINKAGE**

GS2 2022: "Do you think that BIMSTEC is a parallel organisation like the SAARC? What are the similarities and dissimilarities between the two? How are Indian foreign policy objectives realized by forming this new organisation?" — this is a directly asked BIMSTEC question and among the strongest reasons to hold this static topic ready. · Prelims 2022 also tested BIMSTEC membership.

🎯 **PROBABLE PRELIMS MCQ (STATEMENT-BASED)**

Q. Consider the following statements regarding BIMSTEC:

1. Its Secretariat is located in Kathmandu.
2. Afghanistan and Maldives are members of the grouping.
3. India leads the Security sector under BIMSTEC's sectoral distribution.

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

Answer: (b). The Secretariat is in Dhaka, and neither Afghanistan nor Maldives is a member.

GS2 · BIMSTEC · Bay of Bengal · Act East · Neighbourhood First

§4 · DEFENCE & SECURITY

GS3 · Internal Security · Counter-Terrorism Architecture

Static Topic — not tied to a current event · Source: MHA / NIA / NATGRID official material

Static Security Focus: India's Counter-Terror Architecture — NIA, UAPA, NATGRID and the Multi-Agency Centre

Why in This Edition (Static Profile): No fresh, verified and non-blocked Defence or internal-security news story cleared verification for 4-5 August 2026 (the AEW&C Mk-II contracts date to 22 July and the Project 17A frigate inductions still carry only a broad August-September window). Per the Defence & Security Static Fallback Protocol, this slot carries a full institutional explainer instead of being left empty — and internal-security architecture is among the highest-yield GS3 static areas, appearing in some form in most Mains cycles.

Background: India's counter-terror machinery was built in three distinct waves. The first followed the Kargil Review Committee and the Group of Ministers report on national security

(2001), which produced the Multi-Agency Centre as an intelligence-sharing hub. The second followed the 26/11 Mumbai attacks of 2008, which exposed catastrophic coordination failure and produced, within weeks, the National Investigation Agency Act, 2008, a strengthened Unlawful Activities (Prevention) Act, the relocation of NSG hubs closer to metros, and the conception of NATGRID as a database-linkage layer. The third wave has been legal and financial — the 2019 UAPA amendment permitting individual terrorist designation, and the progressive tightening of the terror-financing regime through the PMLA, the Financial Intelligence Unit-India and FATF-driven compliance. A fourth institution — the National Counter Terrorism Centre, proposed in 2012 — was never operationalised, blocked by State governments who argued it intruded on the State subject of public order.

⚡ **KEY FACTS**

- **NIA** constituted under the **National Investigation Agency Act, 2008**, enacted after 26/11; it can investigate scheduled offences across States without prior State consent.
- **NIA (Amendment) Act, 2019** extended jurisdiction to scheduled offences committed outside India affecting Indian citizens or interests, and added human trafficking, cyber-terrorism and certain arms offences.
- **UAPA, 1967** — became India's principal anti-terror statute after the **2004 amendment** (following POTA's repeal); further strengthened in **2008**.
- **UAPA (Amendment) Act, 2019** empowered the Centre to designate **individuals** — not merely organisations — as terrorists, listing them in the Fourth Schedule.
- **Multi-Agency Centre (MAC)**: set up **December 2001**, run by the Intelligence Bureau as a 24×7 hub linking roughly **28 central and State organisations**, with Subsidiary MACs (SMACs) in State capitals.
- **NATGRID**: conceived post-26/11 as a secure linkage between designated user agencies and a set of commercial and government databases (originally framed as 11 user agencies and 21 data sources) to enable pattern and network analysis.
- **NCTC** was proposed in **2012** but shelved after States objected that it encroached on **public order and police — Entries 1 and 2 of the State List**.
- Terror-financing arm: **PMLA, 2002**, the **Enforcement Directorate**, and **FIU-IND**, operating within the **FATF** evaluation framework.

🎯 **MAINS DIMENSIONS / ANALYSIS**

- **The federalism fault line.** Public order and police are State subjects; every centralising counter-terror institution therefore sits in constitutional tension with the States. The NIA survived that tension because it investigates rather than polices; the NCTC did not, because it was to have operational arrest powers. This distinction is the single most examinable analytical point in the topic.

- **Liberty versus security under UAPA.** The statute permits extended pre-charge detention and imposes a stringent bail standard, and low conviction rates relative to arrests have drawn sustained criticism about process becoming punishment. The counter-position is that terror investigations are intrinsically slow and evidence-poor, and that ordinary criminal procedure is inadequate to them. A balanced answer must state both.
- **Individual designation and due process.** The 2019 power to designate individuals is defended as closing the loophole of terrorists reconstituting under new organisational names; it is criticised for offering only a limited executive review mechanism rather than prior judicial determination.
- **Intelligence sharing remains the weak joint.** MAC and NATGRID address the technical problem of data flow but not the institutional problem of agencies hoarding intelligence to protect sources and bureaucratic turf — a coordination failure that architecture alone cannot fix.
- **Way forward.** Recurring expert recommendations: a statutory basis and parliamentary oversight for intelligence agencies (India remains an outlier among major democracies in lacking these), completion of police reforms per *Prakash Singh* (2006), specialised counter-terror prosecution cadres, and cooperative rather than unilateral centre-State security institutions.

🧠 **LET'S REMEMBER THIS THROUGH A TRICK**

Map the architecture to the three waves: [redacted]; [redacted]; [redacted]. And remember the one that failed: [redacted]

📋 **PYQ LINKAGE**

GS3 2021: "Analyse the multidimensional challenges posed by external state and non-state actors, to the internal security of India." · GS3 2020: "Discuss different types of cyber crimes and measures required to be taken to fight the menace." · GS3 2018: "India's proximity to two of the world's biggest illicit opium-growing states has enhanced her internal security concerns." · GS3 recurring: role of central agencies and the centre-State security interface.

🎯 **PROBABLE PRELIMS MCQ (STATEMENT-BASED)**

Q. Consider the following statements regarding India's counter-terrorism institutions:

1. The National Investigation Agency was established by an Act of Parliament following the 2008 Mumbai attacks.
2. The Unlawful Activities (Prevention) Act permits the Central Government to designate an individual as a terrorist.
3. The National Counter Terrorism Centre was operationalised in 2012 under the Intelligence Bureau.

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

Answer: (a). The NCTC was proposed in 2012 but was never operationalised, owing to objections from State governments.

GS3 | NIA Act 2008 | UAPA | NATGRID | Multi-Agency Centre | NCTC

§5 · SCIENCE & TECHNOLOGY

GS3 | HPC & AI · Geoscience · Critical Minerals | 4 August 2026 · Source: PIB / MeitY / ANI

C-DAC and Geological Survey of India Sign Umbrella MoU — AI, Supercomputing, 3D Subsurface Mapping and a Geoscience LLM

Why in News: The Centre for Development of Advanced Computing (C-DAC), under the Ministry of Electronics and Information Technology, and the Geological Survey of India (GSI), under the Ministry of Mines, signed an Umbrella Memorandum of Understanding on 4 August 2026 at Electronics Niketan, New Delhi, in the presence of MeitY Secretary S. Krishnan. It was signed by C-DAC Director General E. Magesh and GSI Additional Director General Pradeep Singh. The agreement pairs C-DAC's High-Performance Computing capability with GSI's geological data holdings to attack three problems at once: mineral exploration, subsurface imaging, and landslide and glacial-flood early warning.

Background: The Geological Survey of India, founded in 1851 and headquartered at Kolkata, is among the oldest scientific institutions in the country and holds close to two centuries of geological survey records — much of it unstructured, in report and map form, and therefore effectively unsearchable at scale. C-DAC, established in 1988 after India was denied access to foreign supercomputers, built the indigenous PARAM series and today anchors the National Supercomputing Mission jointly with MeitY and the Department of Science and Technology. The MoU is significant precisely because it converts a legacy data archive into a computable asset: the collaboration envisages a domain-specific Large Language Model trained on decades of unstructured geological records, alongside AI-driven predictive modelling for mineral targeting. That capability lands directly on India's critical-minerals problem, where the country remains heavily import-dependent for lithium, cobalt, nickel and rare earths essential to batteries, electronics and defence systems.

⚡ **KEY FACTS**

- Umbrella MoU signed **4 August 2026** at Electronics Niketan, New Delhi; signatories **E. Magesh (DG, C-DAC)** and **Pradeep Singh (ADG, GSI)**, in the presence of MeitY Secretary **S. Krishnan**.
- **C-DAC**: under **MeitY**, established **1988**; developer of the **PARAM** supercomputer series; anchor institution of the **National Supercomputing Mission**.
- **GSI**: under the **Ministry of Mines**, established **1851**, headquartered at **Kolkata**.
- Technical scope: **AI + HPC** processing of large geophysical datasets; **high-resolution 3D subsurface mapping**; **predictive modelling for mineral targeting**.
- Knowledge scope: cognitive processing of decades of unstructured geological records into a **dedicated domain Large Language Model**.
- Disaster scope: **slope-scale landslide monitoring using Synthetic Aperture Radar (SAR)**, early-warning system development, and dedicated studies on **Glacial Lake Outburst Floods (GLOF)**.
- Policy context: India's **National Critical Mineral Mission** and the expansion of exploration licensing under amendments to the **Mines and Minerals (Development and Regulation) Act, 1957**.
- GSI also runs the **Bhusanket** landslide-forecast initiative and the National Landslide Susceptibility Mapping programme.

🎯 **MAINS DIMENSIONS / ANALYSIS**

- **Data as strategic infrastructure.** The most valuable thing GSI owns is not equipment but 175 years of survey records. Converting that into a machine-readable, model-queryable corpus is a textbook example of how digital public infrastructure logic extends beyond citizen services into scientific capability.
- **Exploration economics.** Mineral exploration has an extremely low hit rate; AI-driven targeting narrows the search space, which materially changes the cost per discovery. This is the mechanism by which computation translates into resource security.
- **Convergence of the mineral and disaster mandates.** The same subsurface geophysics that identifies ore bodies also characterises slope stability — which is why one MoU can credibly cover both mining and landslide early warning. Recognising this shared physical basis is what distinguishes a strong answer.
- **Domain LLMs versus general models.** A geoscience LLM trained on curated institutional records addresses the hallucination problem that makes general-purpose models unusable for high-stakes technical inference — an argument for sovereign, domain-specific AI capacity rather than dependence on foreign general models.
- **Implementation risk.** Umbrella MoUs frequently stall at the pilot stage. Delivery will depend on data digitisation budgets, GSI's institutional appetite for opening its archive, and sustained HPC allocation — none of which the MoU itself guarantees.

🧠 **LET'S REMEMBER THIS THROUGH A TRICK**

Remember the pairing as **"1851 meets 1988"** — India's oldest survey institution partnering its supercomputing agency. And fix the three deliverables as **Map (3D subsurface) · Mine (AI mineral targeting) · Monitor (SAR landslides and GLOF)**.

📋 **PYQ LINKAGE**

GS3 2023: "What is the status of digitalisation in the Indian economy? Examine the problems faced in this regard and suggest improvements." · GS3 2021: "'Investment in infrastructure is essential for more rapid and inclusive economic growth.' Discuss." · GS3 recurring: indigenous technology development, AI applications in governance, and critical-mineral security.

🎯 **PROBABLE PRELIMS MCQ (STATEMENT-BASED)**

Q. Consider the following statements:

1. The Geological Survey of India functions under the Ministry of Earth Sciences.
2. C-DAC developed the indigenous PARAM series of supercomputers.

3. Synthetic Aperture Radar can acquire imagery irrespective of cloud cover and daylight.

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). GSI is under the Ministry of Mines, not the Ministry of Earth Sciences — a classic UPSC ministry-attribution trap.

GS3 | C-DAC | Geological Survey of India | Critical Minerals | Domain LLM

GS1 | Physical Geography · Disaster Management · Remote Sensing

Static Topic — not tied to a current event · Source: NDMA / ISRO-NRSC / CWC technical material

Static S&T Focus: Glacial Lake Outburst Floods and Radar-Based Slope Monitoring

Why in This Edition (Static Profile): The C-DAC-GSI MoU explicitly names GLOF studies and SAR-based landslide monitoring as deliverables. Because both concepts recur across GS1 physical geography and GS3 disaster management — and because Himalayan cryosphere hazards are among the most rapidly rising risk categories in India — this static card unpacks the underlying science rather than leaving the MoU's terminology unexplained.

Background: As Himalayan glaciers retreat under warming, meltwater accumulates behind the unconsolidated debris ridges — moraines — that glaciers deposit at their margins. These moraine dams are not engineered structures: they are loose rock and ice-cemented sediment, and they fail. When they do, the impounded lake discharges catastrophically downstream as a Glacial Lake Outburst Flood, typically carrying an enormous sediment load and behaving as a debris flow rather than clear water. The October 2023 South Lhonak Lake event in Sikkim is the reference case in Indian policy discussion: the outburst surged down the Teesta and destroyed the Chungthang dam of the Teesta-III hydroelectric project, demonstrating that GLOF risk is not merely a hazard to settlements but a systemic risk to Himalayan hydropower assets and the downstream population that depends on them.

KEY FACTS

- **GLOF definition:** sudden, high-magnitude release of water from a glacial lake, most commonly through failure of a **moraine dam** or an **ice dam**.

- **Common triggers:** avalanche or landslide plunging into the lake (displacement wave), moraine seepage and piping failure, permafrost degradation weakening the dam, seismic shaking, and extreme rainfall.
- **Reference event: South Lhonak Lake, Sikkim, October 2023** — outburst into the **Teesta** basin, destroying the Chungthang dam of the Teesta-III project.
- The Indian Himalayan Region contains **thousands of glacial lakes**; the Central Water Commission monitors lakes above a defined size threshold using satellite data, and ISRO's NRSC maintains a glacial-lake atlas.
- **NDMA issued national guidelines on GLOF risk management (2020)**, covering hazard mapping, lake-level lowering, early-warning instrumentation and land-use regulation downstream.
- **SAR (Synthetic Aperture Radar):** an *active* microwave sensor — it supplies its own illumination, so it images **through cloud, and at night**, unlike optical sensors. Critical in a monsoon-and-cloud-dominated Himalaya.
- **InSAR/DInSAR** (interferometric SAR) compares the phase of radar returns across passes to detect **millimetre-to-centimetre scale ground deformation** — the precursor creep that precedes many slope failures.
- India's own radar-imaging capability is anchored by the **RISAT** series of satellites.

🎯 **MAINS DIMENSIONS / ANALYSIS**

- **Climate change as a hazard multiplier.** GLOF frequency is a direct function of glacial retreat and permafrost degradation; the hazard is therefore not stationary, which means historical return-period design standards for downstream infrastructure are systematically unsafe.
- **The hydropower paradox.** Himalayan hydropower is promoted as clean energy, yet its assets sit in the direct path of the very hazard that warming intensifies. Rigorous GLOF risk assessment must become a condition of environmental clearance, not an afterthought.
- **From forecasting to warning to evacuation.** Detection technology is the easiest link in the chain. The failure point is almost always the last mile — communication reach, community drill familiarity, and the legal authority to order evacuation quickly. Technology procurement without institutional drill is spending without safety.
- **Transboundary dimension.** Many high-risk lakes lie across the boundary in Tibet and Nepal, making real-time hydrological data-sharing a diplomatic as much as a technical requirement.

- **Instrument mix.** An effective system layers SAR-based deformation monitoring, optical and thermal imagery, in-situ lake-level and seismic sensors, and automatic weather stations — no single sensor class suffices.

🧠 **LET'S REMEMBER THIS THROUGH A TRICK**

Two contrasts to memorise. First: [redacted] — both fail, by different mechanisms. Second, the sensor rule: [redacted] That single line answers most remote-sensing MCQs.

📋 **PYQ LINKAGE**

GS1 2023: "Describe the characteristics and types of primary rocks" (physical geography) · GS3 2021: "Discuss about the vulnerability of India to earthquake related hazards. Give examples including the salient features of major disasters." · GS1 2021: "Differentiate the causes of landslides in the Himalayan region and Western Ghats." — directly relevant, and the strongest argument for holding this static topic ready.

🎯 **PROBABLE PRELIMS MCQ (STATEMENT-BASED)**

Q. Consider the following statements regarding Glacial Lake Outburst Floods (GLOFs):

1. They are most commonly caused by the failure of a moraine or ice dam impounding a glacial lake.
2. The October 2023 event in Sikkim originated from the South Lhonak Lake and affected the Teesta basin.
3. Synthetic Aperture Radar is unsuitable for monitoring in cloudy conditions.

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). SAR is an active microwave sensor and works precisely *because* it penetrates cloud cover.

GS1 **GLOF** **South Lhonak** **SAR / InSAR** **NDMA Guidelines**

GS3 Monetary Policy · Inflation Targeting · RBI Act

Announced 5 August 2026 · Source: RBI Monetary Policy Statement / Governor's address

RBI's MPC Holds Repo at 5.25% for a Fourth Straight Meeting; FY27 Growth Raised to 6.7%, Inflation Cut to 5.0%

Why in News: The Reserve Bank of India's Monetary Policy Committee, meeting from 3 to 5 August 2026, voted unanimously on 5 August to keep the policy repo rate unchanged at 5.25 per cent and to retain its neutral stance. Governor Sanjay Malhotra simultaneously announced a 10-basis-point upward revision in the FY27 real GDP growth projection to 6.7 per cent and a 10-basis-point downward revision in the FY27 CPI inflation projection to 5.0 per cent. This is the fourth consecutive meeting at which the MPC has held rates, following a cumulative 125 basis points of cuts delivered during 2025. With the repo unchanged, the Standing Deposit Facility rate stays at 5.00 per cent and the Marginal Standing Facility rate and Bank Rate at 5.50 per cent.

Background: India adopted a formal flexible inflation-targeting framework through the Monetary Policy Framework Agreement of 2015 and its statutory embedding via the Finance Act, 2016, which inserted Section 45ZB into the Reserve Bank of India Act, 1934. That framework created a six-member Monetary Policy Committee — three RBI officials, including the Governor as chairperson, and three external members appointed by the Centre — with decisions taken by majority and the Governor holding a casting vote in the event of a tie. The inflation target is set by the Central Government in consultation with the RBI once every five years, and currently stands at 4 per cent CPI inflation with a tolerance band of plus or minus 2 percentage points. If average inflation breaches the band for three consecutive quarters, the RBI is required to submit a written report to the Central Government explaining the failure, the remedial actions proposed, and the estimated time to return to target. The August 2026 decision must be read against a difficult external backdrop: the continuing West Asia conflict has disrupted trade routes and supply chains, raised market volatility, and pushed the global growth-inflation trade-off in an unfavourable direction.

KEY FACTS

- **Repo rate: unchanged at 5.25%**, decided **unanimously**; **neutral stance** retained. Meeting held **3-5 August 2026**.
- Corridor: **SDF 5.00%** (floor), **MSF and Bank Rate 5.50%** (ceiling) — the standard 25 bp on either side of the repo.
- **FY27 real GDP growth raised to 6.7%** from 6.6%: Q1 **7.0%**, Q2 **6.4%**, Q3 **6.5%**, Q4 **6.8%**.
- **FY27 CPI inflation lowered to 5.0%** from 5.1%: Q1 **5.3%**, Q2 **4.7%**, Q3 **5.9%**, Q4 **5.5%**.
- Governor Malhotra: headline inflation expected to **rise near-term and peak in Q3 FY27** on food and fuel, before moderating.
- **Fourth consecutive pause**, after **125 bps of cumulative cuts in 2025**.
- MPC composition: **six members** — 3 RBI (Governor as chair) + 3 external; majority vote; **Governor holds the casting vote**.
- Statutory basis: **Section 45ZB, RBI Act 1934** (inserted by the Finance Act, 2016); target **4% ± 2%**; failure defined as a breach for **three consecutive quarters**.

🎯 **MAINS DIMENSIONS / ANALYSIS**

- **Why hold when inflation is being revised down?** Because the projected path is not flat: the MPC expects a Q3 peak near 5.9 per cent, uncomfortably close to the upper tolerance bound. Holding preserves the option to respond if that peak overshoots, whereas cutting now would arrive precisely as inflation accelerates.
- **The "neutral" stance as optionality.** A neutral stance signals that the next move could be in either direction. Retaining it while raising the growth forecast is a deliberate communication choice: it tells markets the pause reflects confidence in growth rather than fear of a slowdown.
- **Supply-shock limits of monetary policy.** The inflation pressure identified is food and fuel driven, and originates substantially in a geopolitical supply disruption. Interest rates cannot restore shipping lanes; the honest limit of monetary policy against supply shocks is that it can only anchor expectations and prevent second-round effects.
- **Monetary-fiscal interaction.** With the Q1 FY27 fiscal deficit already at a significant share of the annual target, a rate cut that lowers borrowing costs would ease fiscal pressure — precisely the kind of consideration inflation-targeting independence is designed to insulate the MPC from. The unanimous hold is, read this way, an assertion of framework discipline.
- **Transmission remains the unresolved problem.** Policy-rate changes pass through to lending rates unevenly and with a lag, dampened by deposit-rate stickiness and bank

balance-sheet conditions; external-benchmark linked lending rates improved but did not eliminate this.

🧠 **LET'S REMEMBER THIS THROUGH A TRICK**

Fix the corridor as a ladder: **SDF 5.00 → Repo 5.25 → MSF/Bank Rate 5.50** — floor, policy rate, ceiling, 25 bp apart. Then the twin revision: **"growth up 10 bps to 6.7, inflation down 10 bps to 5.0"** — a rare and quotable combination, because it means the RBI simultaneously improved both sides of its mandate's trade-off.

📋 **PYQ LINKAGE**

GS3 2021: "Do you agree that the Indian economy has recently experienced a V-shaped recovery? Give reasons." · GS3 2018: "Comment on the important changes introduced in respect of the Long Term Capital Gains Tax and Dividend Distribution Tax." · GS3 recurring and very high probability: the MPC framework, inflation targeting, monetary transmission, and the repo-corridor mechanics.

🎯 **PROBABLE PRELIMS MCQ (STATEMENT-BASED)**

Q. Consider the following statements regarding India's Monetary Policy Committee (MPC):

1. It consists of six members, of whom three are nominated by the Central Government.
2. The Governor of the Reserve Bank of India has a casting vote in case of a tie.
3. The inflation target is fixed by the Reserve Bank of India independently of the Central Government.

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

Answer: (a). The inflation target is set by the *Central Government* in consultation with the RBI, once every five years — a frequently missed distinction.

GS3 **RBI MPC** **Repo Rate** **Inflation Targeting** **Section 45ZB**

GS3 MSMEs · Ease of Doing Business · Decriminalisation

Rajya Sabha passage 3 August 2026 · Source: PRS Bill track / Sansad proceedings / Ministry of MSME

Rajya Sabha Passes the MSMED (Amendment) Bill, 2026 — Mandatory TReDS for CPSEs, Decriminalisation, Faster Dispute Resolution

Why in News: The Rajya Sabha passed the Micro, Small and Medium Enterprises Development (Amendment) Bill, 2026 by voice vote on 3 August 2026. The Bill rewrites significant portions of the MSMED Act, 2006 with a single organising objective: to attack the delayed-payments problem that is the chronic cause of MSME working-capital distress. Its central instruments are a mandate that all central public sector enterprises route MSME invoice settlement through the Trade Receivables Discounting System, a power for courts to order interim payment of at least 50 per cent of an awarded amount where a set-aside application has been pending for over six months, and recovery of mediated settlements and arbitral awards as arrears of land revenue.

Background: The MSMED Act, 2006 already required buyers to pay micro and small enterprises within 45 days and created Micro and Small Enterprises Facilitation Councils to adjudicate delayed-payment disputes. The design failed in practice for two reasons. First, an MSME that invokes the law against a large buyer risks losing the buyer — a commercial deterrent no statute can easily neutralise. Second, even a successful award could be stalled almost indefinitely through set-aside proceedings, so a paper victory produced no cash. TReDS, the RBI-authorised electronic platform framework introduced in 2014, was intended to solve the same problem from the financing side by letting MSMEs auction their receivables to financiers at competitive discount rates, converting a 90-day receivable into immediate cash. Its weakness has been voluntary adoption by large buyers. The 2026 amendment therefore does something structurally different from earlier reform attempts: instead of adding another right for the seller, it removes discretion from the buyer.

KEY FACTS

- Passed by the **Rajya Sabha on 3 August 2026 by voice vote**; amends the **MSMED Act, 2006**.
- **Mandatory TReDS routing** for all **central public sector enterprises** settling MSME invoices; States empowered to extend the same to their PSEs.
- **Interim payment safeguard:** courts may order payment of **at least 50%** of the awarded amount where a set-aside application has been pending **more than six months**.
- **Recovery as arrears of land revenue** for mediated settlement agreements and arbitral awards — a substantially faster enforcement route than ordinary execution.
- **Decriminalisation:** conviction-based fines for specified contraventions replaced by a **graded penalty framework**, beginning with a warning at first instance.

- **National digital platform** notified for **free and voluntary** MSME registration.
- **MSEFC reform:** States may set up **additional Facilitation Councils**, with rationalised composition and prescribed timelines for adjudicating delayed-payment disputes.
- **Classification flexibility:** investment thresholds removed from the statute; the Centre empowered to classify enterprises by **notification** on the basis of investment in plant and machinery/equipment and turnover.

🎯 **MAINS DIMENSIONS / ANALYSIS**

- **Why delayed payments are a macro problem, not a micro grievance.** MSMEs contribute roughly a third of India's GDP and are the largest source of non-farm employment. Receivables locked in disputes are working capital withdrawn from the most employment-intensive part of the economy — which is why a payments statute is effectively an employment policy.
- **Mandate versus incentive.** Making TReDS compulsory for CPSEs is the correct diagnosis of a collective-action failure: voluntary platforms fail when the party with bargaining power benefits from delay. The open question is enforcement against private large buyers, who are not covered by the CPSE mandate.
- **Statute-to-notification shift.** Moving classification thresholds out of the Act and into executive notification buys responsiveness — thresholds can track inflation and scale without a Parliament cycle — at the cost of legislative control over who qualifies for a large body of concessions. This delegated-legislation trade-off is itself a strong GS2 crossover point.
- **Decriminalisation as regulatory philosophy.** Replacing criminal liability with graded civil penalties for procedural lapses reflects the broader Jan Vishwas approach to trust-based regulation; the critique is that graded penalties without effective monitoring can become a licence for repeated non-compliance.
- **The missing piece.** None of these instruments addresses the underlying power asymmetry that deters MSMEs from suing customers at all. Anonymous or association-led complaint mechanisms, and automatic interest accrual visible on the buyer's own books, are the reforms most often proposed to close that gap.

🧠 **LET'S REMEMBER THIS THROUGH A TRICK**

Three numbers carry this Bill: **45 days (statutory payment period under the 2006 Act) · 50% (interim payment where set-aside is pending) · 6 months (the pendency trigger)**. And remember the one-line shift: **TReDS moves from *optional for buyers* to *mandatory for CPSEs***.

📋 **PYQ LINKAGE**

GS3 2023: "Faster economic growth requires increased share of the manufacturing sector in GDP, particularly of MSMEs. Comment on the present policies of the Government in this regard." — an almost exactly on-point asked question. · GS3 2020: "Explain the rationale behind the Goods and Services Tax (Compensation to States) Act of 2017." · GS2 recurring: delegated legislation and executive rule-making power.

🎯 **PROBABLE PRELIMS MCQ (STATEMENT-BASED)**

Q. Consider the following statements regarding the Trade Receivables Discounting System (TReDS):

1. It is an electronic platform framework authorised by the Reserve Bank of India for financing MSME trade receivables.
2. Under the MSMED (Amendment) Bill, 2026, routing of MSME invoice settlement through TReDS is made mandatory for central public sector enterprises.
3. Micro and Small Enterprises Facilitation Councils are constituted by the Central Government.

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). MSEFCs are established by *State* Governments — and the 2026 Bill expressly empowers States to set up additional Councils.

GS3 **MSMED Act 2006** **TReDS** **MSEFC** **Decriminalisation**

GS3 Cooperative & Competitive Federalism · Investment Climate

Released 17 July 2026 — honestly dated, first-ever coverage · Source: NITI Aayog / PIB

NITI Aayog's First Investment Friendliness Index Ranks States on Eight Weighted Pillars

Why in News: NITI Aayog released the first edition of its Investment Friendliness Index (IFI) on 17 July 2026, assessing all 28 States and 8 Union Territories on their capacity to attract and sustain investment. Gujarat ranked first, followed by Maharashtra and Tamil Nadu, with Goa and Odisha also placed in the Top Performers category. This card carries an honest date: the report is roughly three weeks old and has not previously been covered in this publication, and is included because index frameworks of this kind are disproportionately high-yield for Prelims and remain analytically live long after release.

Background: India's investment-climate measurement has historically been driven either by the World Bank's now-discontinued Doing Business rankings or by the Department for Promotion of Industry and Internal Trade's Business Reform Action Plan, which scored States on the implementation of a checklist of reforms. Both had a common limitation: they measured procedural reform, not the structural endowments — infrastructure, resources, fiscal capacity, climate resilience — that actually determine whether capital commits to a location. The IFI is designed as a homegrown successor framework that combines both, and it is explicitly positioned within the competitive-and-cooperative-federalism logic that has defined NITI Aayog since it replaced the Planning Commission in 2015: publish comparable State-level scores, and let reputational competition do work that central directives cannot.

KEY FACTS

- First edition released **17 July 2026** by **NITI Aayog**; covers all **28 States and 8 Union Territories**.
- **Eight pillars with explicit weights:** Infrastructure **25%**, Business Climate **20%**, Resources **15%**, Regulatory Ease **12%**, Government Policy **10%**, Financial Health **7%**, Institutional Environment **6%**, Environmental Resilience **5%**.
- **Gujarat ranked first**, followed by **Maharashtra** and **Tamil Nadu**; **Goa** and **Odisha** also in the Top Performers group.
- Framing objective: promote **competitive and cooperative federalism** in service of **Viksit Bharat @2047**.
- Infrastructure alone carries a **quarter of the total weight** — the single largest determinant of a State's score.
- Inclusion of **Environmental Resilience** as a scored pillar is a notable design choice: climate risk is treated as an investment-relevant variable, not an externality.
- NITI Aayog was constituted on **1 January 2015**, replacing the Planning Commission; it is an executive body, not a statutory or constitutional one.

- Companion NITI index in the same cycle: the **Fiscal Health Index**, whose second edition extended coverage to the North Eastern and Himalayan States.

🎯 MAINS DIMENSIONS / ANALYSIS

- **Rankings as a governance instrument.** With no constitutional power to direct States, NITI Aayog's principal lever is measurement. Publishing comparable scores creates political incentive for reform — the mechanism sometimes called governance by benchmarking. Its effectiveness depends entirely on whether the index is credible enough that States care about their position.
- **The weighting is the policy.** Assigning 25 per cent to infrastructure and 5 per cent to environmental resilience embeds a substantive judgement about what drives investment. Any index's weights are a normative statement disguised as a technical parameter — a point worth making explicitly in any answer evaluating index-based governance.
- **Risk of entrenching divergence.** Structural pillars like infrastructure and resources change slowly and favour already-industrialised States. Without a component measuring *improvement over one's own baseline*, such indices can reward inherited advantage and demoralise lagging States rather than mobilising them.
- **Data comparability.** Cross-State indices depend on State-reported administrative data of uneven quality; self-reporting creates an incentive to optimise the metric rather than the outcome — the classic Goodhart's Law problem in public-sector measurement.
- **Federal-finance linkage.** Investment attractiveness compounds: States that attract investment expand their own tax bases, widening horizontal fiscal imbalance and increasing the redistributive burden placed on Finance Commission devolution formulae.

🧠 LET'S REMEMBER THIS THROUGH A TRICK

Memorise only the top three weights — [redacted] — which together account for 60 per cent of the index, and the top three States — [redacted]. That combination answers almost any MCQ on this index without memorising all eight pillars.

📋 PYQ LINKAGE

GS2 2023: "'Constitutional morality' is rooted in the Constitution itself and is founded on its essential facets. Explain." (institutional-design framing) · GS2 2018: "'The concept of cooperative federalism has been increasingly emphasised in recent years.' Highlight the drawbacks in the existing structure and the extent to which cooperative federalism would answer the shortcomings." — directly on point. · GS3 recurring: investment climate, ease of doing business, State-level reform.

🎯 **PROBABLE PRELIMS MCQ (STATEMENT-BASED)**

Q. Consider the following statements regarding NITI Aayog:

1. It was established by an Act of Parliament in 2015.
2. Its Investment Friendliness Index assigns the highest weight among all pillars to Infrastructure.
3. Environmental Resilience is one of the pillars of that Index.

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). NITI Aayog was created by an *executive resolution* of the Union Cabinet, not by statute — one of the most frequently tested facts about it.

GS3 · NITI Aayog · Investment Friendliness Index · Competitive Federalism · Viksit Bharat 2047

→ Continued in Part II: Environment · Places in News · Ethics · MCQs · Mains Questions · Direct Hit Tracker

48
QUESTIONS FROM
ANTIM ASSURED 100+

7
QUESTIONS FROM
A SINGLE DOCUMENT

6
QUESTIONS FROM
A SINGLE CLASS

Our students had seen 48 questions before the paper was opened.

This is not luck. This is TheIAS Akademia.

JOIN ANTIM ASSURED 100+ →

→ Continue to Part II: Environment · Places in News · Ethics · MCQs · Mains Questions · Direct Hit Tracker

theiasakademia.com | theiasakademia@gmail.com