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1. Retail Consumption Trends in Q1FY27 and Outlook

Key Highlights & Summary

- **Rural & Premium Sector Drive:** Rural demand and premium FMCG categories saw a noticeable step-up, serving as a primary growth engine for major consumer firms.
- **Quick Commerce & Durables Surge:** Quick-commerce platforms recorded steep profit jumps, while an extreme summer season propelled sales of consumer durables like air conditioners.
- **Outperformance in Value Fashion:** Apparel and value-fashion retailers outperformed general retail, though companies flagged emerging raw material inflation and supply chain risks.
- **Macro Drivers & Inflation Challenge:** Subsidized input costs from lower crude oil prices ($70–80/barrel) and healthy July rains provided relief, but food inflation rising to 5.52% in July remains a headwind for real disposable income.

- **Festival Window & Q2 Outlook:** A spread-out festival season running through November, portfolio restructuring, and recovery in gold/jewellery demand post-Adhik Maas signal stronger growth in upcoming quarters.

Essential Definitions

- **Quick Commerce (Q-Commerce):** An e-commerce model centered on hyper-fast delivery (typically within 10–30 minutes) utilizing neighborhood micro-warehouses or dark stores.
- **Retail Inflation (CPI):** The rate of increase in prices of a basket of consumer goods and services, monitored by the Reserve Bank of India to guide monetary policy.
- **Value Fashion Segment:** A retail business model focusing on high-volume, low-margin apparel targeted primarily at price-sensitive middle- and lower-income demographics.

Legal and Constitutional Framework

- **Goods and Services Tax (GST) Architecture:** Governed under Article 246A of the Constitution, rate adjustments recommended by the GST Council serve as a key fiscal tool to stimulate consumer demand and offset raw material price shocks.

- **Inflation Targeting Mandate:** Enforced under Section 45ZB of the Reserve Bank of India (RBI) Act, 1934, which mandates the Monetary Policy Committee (MPC) to maintain CPI inflation at a target of 4% with a tolerance band of +/- 2%.
- **Consumer Protection Act, 2019:** Provides the regulatory framework to prevent unfair trade practices, protect consumer rights, and regulate e-commerce entities in India.

Conclusion India's retail consumption demonstrates underlying resilience supported by a rural recovery and favorable seasonal factors. However, sustaining long-term momentum requires managing volatile food inflation and input costs to protect purchasing power across lower-income strata.

UPSC Relevance Crucial for **GS Paper-III (Indian Economy)** under topics such as *Issues relating to planning, mobilization of resources, growth, development and employment*, *Inflation management*, and *Supply chain infrastructure*. Important for evaluating domestic demand trends and macro-economic stability.

2. Democratization and Spatial Expansion of UPI in India

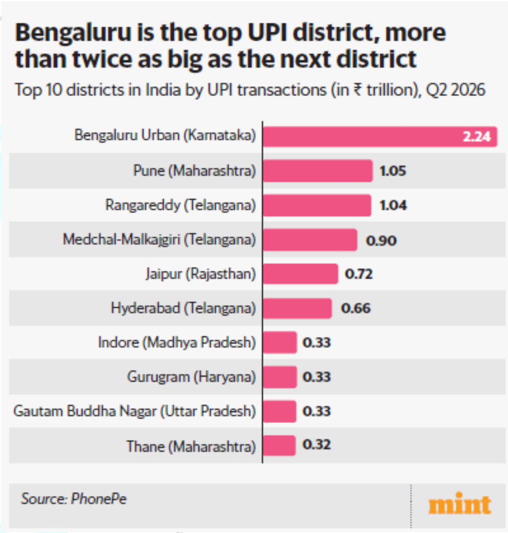
Key Highlights & Summary

- **Global Scale & Cash Replacement:** UPI has become the world's largest digital payments network with a ₹314 trillion valuation; monthly UPI transaction values reached nearly 70% of Currency in Circulation (CIC) by mid-2026.
- **Geographic Expansion Beyond Metro Hubs:** Transaction volume share of top 10 districts fell from 25.2% in 2019 to 17.4% in Q2 2026, highlighting rapid adoption across tier-2, tier-3, and rural regions.

- **Economic Determinants of Adoption:** RBI studies indicate that rising per capita income, higher literacy, and workforce formalization are the primary structural drivers reducing reliance on physical cash.
- **Surge in Retail Merchant Integration:** Person-to-Merchant (P2M) retail payments rose to 64% of total volume in Q2 2026 (up from 37% in 2021), accompanied by a falling average ticket size (₹425), reflecting daily micro-transactions.
- **Inter-State Structural Divergence:** Affluent states display higher transaction concentration in top districts compared to less affluent states, mirroring broader regional economic disparities.

Essential Definitions

- **Unified Payments Interface (UPI):** An instant real-time payment system developed by NPCI facilitating inter-bank peer-to-peer (P2P) and person-to-merchant (P2M) transactions via mobile devices.
- **Currency in Circulation (CIC):** The total physical cash (banknotes and coins) held by the public, businesses, and commercial banks within an economy at a specific point in time.
- **Person-to-Merchant (P2M) Segment:** Digital transactions conducted directly between individual retail consumers and commercial entities or merchants for purchasing goods or services.



Legal and Constitutional Framework

- **Payment and Settlement Systems Act, 2007:** Provides the legal foundation for the regulation and supervision of payment systems in India, designating the Reserve Bank of India (RBI) as the primary regulatory authority.
- **National Payments Corporation of India (NPCI) Mandate:** Established as an umbrella organization under the provisions of the PSS Act, 2007, and Section 8 of the Companies Act, 2013, to operate robust retail payment infrastructures.
- **Digital Financial Inclusion Directives:** Supports Article 39(b) and (c) of the Directive Principles of State Policy (DPSP) by preventing wealth concentration and fostering equitable distribution of financial infrastructure.

Conclusion The structural shift from cash to UPI highlights India's successful creation of a Digital Public Infrastructure (DPI). Sustaining this trajectory globally and domestically requires maintaining zero-cost micro-transactions while expanding credit integration on digital rails.

UPSC Relevance Highly relevant for **GS Paper-III (Indian Economy)** under *Digital Public Infrastructure (DPI)*, *InCLUSIVE Growth*, *Financial Inclusion*, and *Monetary Policy & Cash Demand Dynamics*. Useful for analytical questions on digital economy transformation.

3. Presidential Assent to Kerala Name Change Bill

Key Highlights & Summary

AUGUST 18, 2026

- **Presidential Assent:** President Droupadi Murmu has granted assent to the Kerala (Alteration of Name) Bill, officially renaming the State of Kerala as Keralam.
- **Unanimous State Resolution:** The change aligns with resolutions passed unanimously by the Kerala Legislative Assembly in June 2024, urging the Union Government to alter the name to reflect its linguistic heritage in Malayalam.
- **Parliamentary Enactment:** The Lok Sabha and Rajya Sabha passed the renaming legislation in August 2026, fulfilling the statutory process required for altering state nomenclature.
- **Presidential Reference:** Prior to parliamentary passage, the President referred the draft Bill to the Kerala State Legislature to seek its views, adhering strictly to constitutional conventions.
- **Schedule Amendment:** The Act amends the First Schedule of the Constitution to replace the entry 'Kerala' with 'Keralam'.

Essential Definitions

- **First Schedule:** The component of the Indian Constitution that lists all the States and Union Territories along with their territorial jurisdictions.
- **Linguistic Renaming:** The process of altering official geographic designations to align with native socio-linguistic and cultural usage.
- **Presidential Reference:** The mandatory constitutional practice under Article 3 wherein the President sends a state-reorganization or renaming bill to the concerned state legislature for expressing its views within a specified timeframe.

Legal and Constitutional Framework

- **Article 3 of the Constitution:** Grants Parliament sole authority to form new States, alter boundary lines, or change the name of any State by enacting a law by a simple majority.
- **Proviso to Article 3:** Mandates that any Bill altering the name or boundary of a State must be introduced in Parliament only on the recommendation of the President, after obtaining the views of the concerned State Legislature.
- **Article 4:** Clarifies that laws made under Article 3 containing amendments to the First Schedule shall not be deemed as constitutional amendments under Article 368, requiring only a simple majority.

Conclusion The passage of the Kerala (Alteration of Name) Bill reinforces the dynamic nature of Indian federalism. By honoring the cultural identity and linguistic ethos of the region through standard parliamentary processes, the Indian polity balances national integration with sub-national identity.

UPSC Relevance Crucial for **GS Paper-II (Polity & Governance)** under topics such as *Union and its Territory*, *Functions and responsibilities of the Union and the States*, *Federal structure and reorganization of states*, and *Role of Parliament and State Legislatures*.

4. Supreme Court Adopts 'Wait and Watch' Policy on Cauvery Water Sharing

Key Highlights & Summary

- **Judicial Observation:** The Supreme Court declined immediate further directives, adopting a 'wait and watch' approach after Karnataka confirmed releasing over 12,000 cusecs of Cauvery water per CWMA directions.
- **CWMA Mandate:** The Cauvery Water Management Authority (CWMA) directed Karnataka to release 12,000 cusecs daily for 15 days starting August 12 to meet downstream agricultural needs in Tamil Nadu.
- **Distress Allocation Factors:** Karnataka cited a distress year worsened by El Nino conditions, but achieved required discharge levels due to localized rainfall in the Kabini reservoir's Wayanad catchment area.
- **Inter-State Demand Disparity:** Tamil Nadu approached the apex court seeking the release of 37 tmc ft for August 12–31 and an accumulated deficit of 21.357 tmc ft to sustain standing crops.
- **Monitoring at Biligundlu:** Discharges from Krishna Raja Sagara (KRS) and Kabini reservoirs are actively measured at the Biligundlu inter-state gauge station to ensure compliance.

Supreme Court decides to watch progress on Cauvery water-sharing, tells Tamil Nadu water is being given

Essential Definitions

- **Cusec vs TMC FT:** Cusec measures flow rate (cubic feet per second), whereas TMC FT (Thousand Million Cubic Feet) measures total water volume stored or released.
- **Distress Year Formula:** An equitable water-sharing mechanism applied during lower-than-normal monsoon rainfall to proportionally reduce allocations among riparian states.
- **Riparian Rights:** Legal rights of landowners or administrative territories along a natural watercourse regarding the reasonable use of its water.

Legal and Constitutional Framework

- **Article 262:** Empowers Parliament to enact laws for the adjudication of disputes relating to the use, distribution, or control of waters of inter-State rivers or river valleys.
- **Inter-State River Water Disputes Act, 1956:** Enacted under Article 262, barring Supreme Court jurisdiction over inter-state river disputes once a Tribunal is constituted; current interventions rely on Article 136 (Special Leave Petition).
- **Inter-State River Water Disputes (Amendment) Act, 2019 Framework:** Proposes a permanent Tribunal and a Dispute Resolution Committee (DRC) to streamline timelines and eliminate multi-stage litigation.

Conclusion The Cauvery dispute highlights the persistent challenge of balancing upper and lower riparian needs during distress years. Establishing permanent, automated data-monitoring systems and adhering strictly to CWMA distress-sharing formulas remain vital for mitigating inter-state federal friction.

UPSC Relevance Crucial for **GS Paper-II (Polity & Governance)** under *Inter-State Water Disputes*, *Federalism & Centre-State Relations*, and *Judicial Interventions*, as well as **GS Paper-I (Geography)** under *River Basins & Water Resource Management*.

5. Karnataka Launches ‘Eat Right’ Campaign for Food Safety

Key Highlights & Summary

- **Statewide Launch:** Karnataka’s Health and Family Welfare Minister launched the “Eat Right” campaign aimed at fostering healthy dietary habits across the state.
- **Decentralized Vigilance:** Citizen-led food safety watch teams are being constituted at the taluk level to operationalize grassroots-level food monitoring.
- **Diverse Community Involvement:** The watch teams comprise senior citizens, retired food safety officials, and experienced chefs to ensure comprehensive domain oversight.
- **Official Authorization:** Designated team members will receive official identification cards granting them authority to inspect eateries and public food premises.
- **Reporting & Enforcement:** Inspections revealing food safety violations will be escalated directly to head offices for swift executive action.

Essential Definitions

- **Eat Right Movement:** A national initiative aligned with FSSAI principles to transform the country's food system to ensure safe, healthy, and sustainable food for all citizens.
- **Taluk-Level Administration:** The sub-district administrative unit responsible for implementing grassroots public health, regulatory, and developmental programs.
- **Food Safety Surveillance:** The continuous systematic collection, analysis, and interpretation of health and food quality data for the planning and evaluation of public health practice.

Legal and Constitutional Framework

- **Article 47 of the Constitution:** A Directive Principle of State Policy (DPSP) that mandates the State to raise the level of nutrition and standard of living, and improve public health.
- **Food Safety and Standards Act, 2006:** The overarching legal framework that consolidated various food laws and established the Food Safety and Standards Authority of India (FSSAI) to regulate food manufacture, storage, distribution, and sale.
- **Right to Health (Article 21):** The Supreme Court has repeatedly expanded the Right to Life under Article 21 to encompass the right to clean, unadulterated food and safe drinking water as essential components of human dignity.

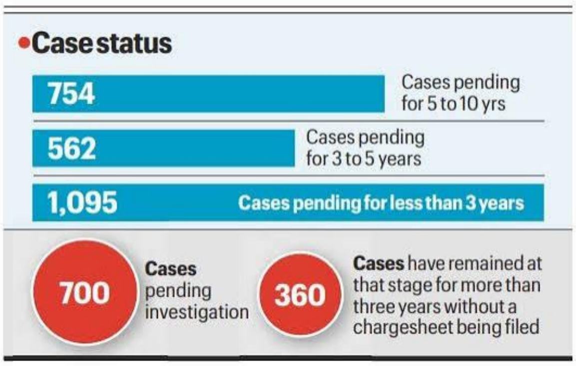
Conclusion Karnataka's community-driven approach strengthens grassroots regulatory enforcement under the Food Safety and Standards framework. Integrating local citizens into institutional surveillance models enhances food safety compliance and advances public health outcomes under Directive Principles.

UPSC Relevance Highly relevant for **GS Paper-II (Governance & Social Justice)** under *Issues Relating to Development and Management of Social Sector/Services relating to Health*, **GS Paper-II (Polity)** under *Directive Principles of State Policy (Article 47)*, and **GS Paper-III** under *Food Security and Regulatory Frameworks*.

6. Over 4,000 Cases Pending Against MPs and MLAs: Amicus Curiae Report

Key Highlights & Summary

- **Massive Case Backlog:** A report submitted by Amicus Curiae Vijay Hansaria to the Supreme Court reveals that 4,192 criminal cases against sitting and former lawmakers remain pending, with 519 cases languishing for over a decade.
- **Investigation Delays:** Around 700 cases are pending investigation, with 360 remaining stagnant for over three years without a charge sheet being filed.
- **State-Wise Pendency:** Uttar Pradesh leads nationwide pendency with 1,171 cases, followed by Kerala (543), Bihar (373), Maharashtra (364), and Odisha (330).
- **High-Profile Implication:** Chief Ministers and prominent leaders across 14 out of 28 states face pending criminal cases, illustrating the systemic intersection of politics and crime.
- **Causes of Delay:** The report attributes persistent delays to designated special courts burdened with regular judicial work, frequent adjournments, non-appearance of accused lawmakers, and inadequate High Court monitoring.
- **Amicus Recommendations:** Proposed measures include exclusive daily trials for lawmaker cases, issuance of Non-Bailable Warrants (NBWs) for non-appearance on two consecutive dates, nodal prosecution officers for witness security, and completing trials within one year of framing charges.



Essential Definitions

- **Amicus Curiae:** A neutral legal expert appointed by a court to assist in a case by offering information, expertise, or insight on matters of law.
- **Criminalization of Politics:** The entry of individuals with criminal backgrounds, charges, or convictions into political institutions and electoral processes.
- **Special Courts for Lawmakers:** Dedicated judicial forums established under Supreme Court directives in 2017 to ensure fast-track trial of criminal cases involving sitting and former MPs/MLAs.

Legal and Constitutional Framework

- **Representation of the People Act (RPA), 1951 (Section 8):** Governs the disqualification of lawmakers upon conviction for specified offenses, carrying a minimum sentence of two years imprisonment.

- **Lily Thomas v. Union of India (2013):** The Supreme Court struck down Section 8(4) of the RPA, ruling that convicted sitting MPs and MLAs face immediate disqualification without time to appeal.
- **Public Interest Foundation v. Union of India (2018):** Directed political parties to publish the criminal antecedents of political candidates across media platforms to inform voters.
- **Article 14 & Article 21:** The constitutional principle of equality before the law (Article 14) combined with the right to a speedy trial under the right to life and personal liberty (Article 21).

Conclusion The continuous pendency of criminal cases against political representatives undermines democratic integrity and public faith in the rule of law. Establishing exclusive fast-track courts, setting strict time-bound trial mechanisms, and ensuring rigorous judicial oversight by High Courts are vital steps toward cleansing the electoral ecosystem.

UPSC Relevance Crucial for **GS Paper-II (Polity & Governance)** under *Electoral Reforms*, *Criminalization of Politics*, *Representation of the People Act*, *Judicial Accountability & Fast-Track Courts*, and *Separation of Powers/Rule of Law*.

7. ISRO to End Operational Hiatus with GISAT-1A Launch

Key Highlights & Summary

- **Resumption of Launch Services:** Following a seven-month operational hiatus caused by consecutive launch anomalies, ISRO is scheduled to launch the GISAT-1A Earth observation satellite in early September.
- **Geo-Imaging Capabilities:** GISAT-1A (also designated EOS-05) features a 10-year mission life designed to provide near real-time imaging for disaster monitoring, agriculture, and forestry management.
- **Recent Launch Setbacks:** Out of six missions attempted across 2025 and 2026, three failed to place satellites in intended orbits, including the PSLV-C62/EOS-N1 mission and the GSLV-F15/NVS-02 launch.
- **NavIC Constellation Vulnerability:** The failure of NVS-02 leaves NavIC with only three operational positioning satellites (IRNSS-1B, IRNSS-1I, NVS-01), falling below the four-satellite minimum required for standalone regional positioning.
- **Upcoming Launch Pipeline:** ISRO aims to launch NVS-03 in November, while targeting multiple missions involving PSLV, GSLV, LVM3, and SSLV to meet its revised annual objectives.

Essential Definitions

- **Geo Imaging Satellite (GISAT):** An Earth observation satellite placed in geostationary orbit to enable continuous, real-time monitoring of specific geographic regions.

- **NavIC (Navigation with Indian Constellation):** India's autonomous regional satellite navigation system designed to provide accurate positioning, navigation, and timing (PNT) services across the Indian landmass and surroundings.
- **Positioning, Navigation, and Timing (PNT):** The foundational satellite infrastructure services that provide geographical location, direction, and highly accurate time references.

Legal and Constitutional Framework

- **Indian Space Policy 2023:** Regulates the commercialization, operational management, and private sector participation in the Indian space ecosystem through IN-SPACe and NSIL.
- **Allocation of Business Rules, 1961:** Assigns space research, satellite communication, and launch vehicle development directly under the purview of the Department of Space (DoS), reporting to the Prime Minister.
- **Outer Space Treaty, 1967:** International legal framework governing the peaceful exploration and use of outer space, to which India is a signatory state.

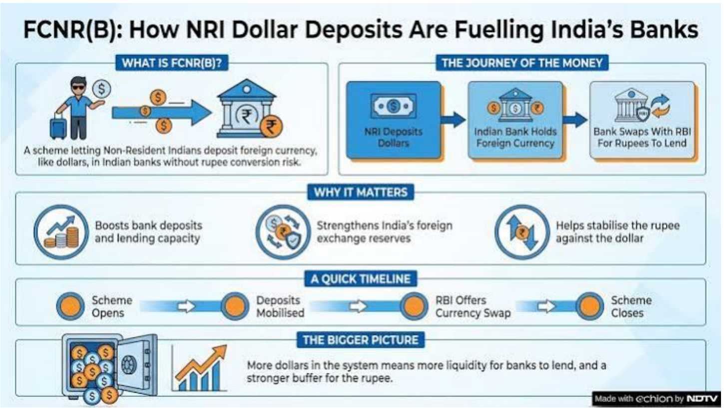
Conclusion The upcoming GISAT-1A and NVS-03 missions are critical for restoring ISRO's operational momentum and securing India's strategic navigation infrastructure. Overcoming recent technical anomalies will be vital for maintaining space-based disaster resilience and regional navigational autonomy.

UPSC Relevance Crucial for **GS Paper-III (Science & Technology)** under *Indigenization of technology and developing new technology*, *Awareness in the fields of Space*, and *Disaster Management applications*.

8. The Rupee's Borrowed Breathing Space: FCNR(B) Swaps and External Sector Risks

Key Highlights & Summary

- **Capital Mobilization via FCNR(B):** Indian banks raised $52.3 billion in foreign currency inflows through the RBI's special swap facility, driven primarily by Foreign Currency Non-Resident Bank [FCNR(B)] deposits.
- **Premature Window Closure:** The central bank closed the FCNR(B) swap window a month earlier than scheduled following a rapid surge in dollar inflows.
- **Shift of Hedging Risk to Public Balance Sheet:** By absorbing hedging costs to offer higher dollar yields (6-7.5%), the RBI effectively relocated currency risk onto the public balance sheet.
- **Short-Term BoP Stabilizer vs Durable Capital:** Borrowed inflows act as temporary Balance of Payments (BoP) cushion rather than sustainable earned foreign exchange, creating future repayment and rollover liabilities in 3–5 years.
- **Asset-Liability Mismatch Concern:** Relying heavily on subsidized deposit



mobilization risks turning currency market pressures into banking sector balance sheet vulnerabilities.

- **Need for Structural External Reforms:** Achieving long-term rupee stability requires boosting merchandise exports, expanding Foreign Direct Investment (FDI), and reducing energy import dependency rather than relying on debt-like instruments.

Essential Definitions

- **FCNR(B) Deposit:** A foreign currency-denominated deposit account maintained by Non-Resident Indians (NRIs) in authorized banks in India, immune to domestic currency exchange risk.
- **Carry Trade:** A financial strategy involving borrowing capital in a currency with low interest rates and investing it in higher-yielding assets elsewhere.
- **Asset-Liability Mismatch (ALM):** A financial risk arising from a disparity in the maturity, interest rates, or currency denomination between a financial institution's assets and liabilities.

Legal and Constitutional Framework

- **Foreign Exchange Management Act (FEMA), 1999:** The primary legal architecture regulating cross-border trade, foreign currency deposits, external borrowing, and foreign exchange market operations in India.
- **Reserve Bank of India Act, 1934 (Section 17):** Empowers the RBI to execute foreign exchange buy/sell swaps, manage foreign exchange reserves, and take monetary actions to maintain exchange rate stability.
- **Article 292 of the Constitution:** Outlines the borrowing powers of the Union Government, providing the constitutional baseline for national debt management and external liabilities.

Conclusion While FCNR(B) swaps provide effective short-term relief against currency depreciation, they generate future debt servicing commitments. India must leverage this temporary breathing room to execute structural reforms in export competitiveness and energy self-reliance to secure durable balance-of-payments stability.

UPSC Relevance Crucial for **GS Paper-III (Indian Economy)** under topics such as *Indian Economy and issues relating to planning, mobilization of resources, growth*, *Balance of Payments (BoP)*, *Foreign Exchange Reserve Management*, and *External Sector Stability*.

9. Legal Aid Defence Counsel System: Reform Over Retreat

Key Highlights & Summary

- **NALSA Direction & Bar Opposition:** NALSA directed non-renewal of contracts for Legal Aid Defence Counsels (LADCs) following objections from Bar Associations claiming the system creates a parallel criminal bar and threatens private practice.
- **Institutional Caseload Impact:** In 2025–26, LADCs handled 4,86,354 cases (including 1,88,878 bail applications), representing merely 1.6% of overall criminal cases instituted annually.

- **Shift to Public Defender Model:** Unlike traditional ad-hoc assigned counsel schemes, LADC introduced full-time, dedicated public defenders to ensure prompt appearances, proper bail applications, and structured trial representation.
- **Addressing Assigned-Counsel Flaws:** LADC addressed chronic shortcomings of ad-hoc legal aid, such as missed hearings, delayed petitions, and low accountability.
- **Concerns Over Inexperienced Replacement:** Transitioning back to assigning cases to young, inexperienced lawyers risks compromising trial strategy, cross-examination quality, and fair trial rights for indigent accused.
- **Need for Empirical Evaluation:** Dismantling a institutional legal aid model without a national impact assessment undermines access to justice for marginalized citizens.

Essential Definitions

- **Legal Aid Defence Counsel (LADC) System:** A full-time public defender model implemented by NALSA to provide dedicated criminal defense representation for indigent individuals in government-funded courts.
- **Assigned-Counsel System:** A traditional legal aid scheme where private empanelled advocates are assigned cases on a case-by-case basis.
- **Fair Trial Rights:** Universal procedural safeguards guaranteeing an accused person reasonable legal representation, timely hearings, and adequate defense mechanisms.

Legal and Constitutional Framework

- **Article 39A:** A Directive Principle of State Policy (DPSP) mandating the State to secure equal justice and provide free legal aid through suitable legislation or schemes.
- **Article 21 & Article 22(1):** The fundamental right to life and liberty encompasses free legal aid for underprivileged accused (Hussainara Khatoon case) and the right to consult and be defended by a legal practitioner.
- **Legal Services Authorities Act, 1987:** Establishes NALSA, SALSA, and DLSA to organize Lok Adalats and operationalize nationwide legal aid services.
- **Section 304 of Code of Criminal Procedure (CrPC) / Section 341 of Bharatiya Nagarik Suraksha Sanhita (BNSS):** Mandates state-provided legal aid to the accused at state expense during trial proceedings.

Conclusion Strengthening institutional legal assistance requires reforming accountability frameworks rather than reverting to fragmented models. Ensuring high-quality defense for impoverished undertrials is essential to uphold equal justice and the constitutional promise of fair trial rights.

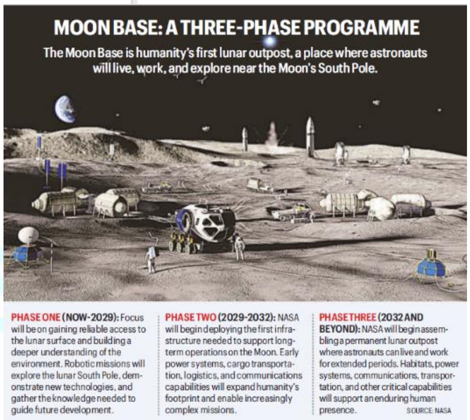
UPSC Relevance Crucial for **GS Paper-II (Polity & Governance)** under *Directive Principles of State Policy (Article 39A)*, *Judicial Reforms & Access to Justice*, *Structure, Organization, and Functioning of the Judiciary*, and *Mechanisms, Laws, Institutions, and Bodies Constituted for the Protection and Betterment of Vulnerable Sections*.

10. India's Strategic Gains in NASA's Moon Base Programme

Key Highlights & Summary

- **Inaugural Cooperation:** NASA invited ISRO to join its three-phase Moon Base programme to establish humanity's first permanent lunar outpost near the lunar South Pole.
- **Building on Accords:** This partnership builds upon India’s 2023 signing of the Artemis Accords as the 27th nation and recent bilateral human spaceflight engagements.
- **Technological Leapfrogging:** Joining provides ISRO vital experience in planning and executing complex, prolonged human spaceflight and lunar resource missions without re-inventing basic systems.
- **Cost Efficiency:** Collaborative deployment offsets massive budget burdens, making long-term lunar operations and space station utilization economically viable compared to standalone efforts.
- **Non-Adversarial Dynamics:** Unlike zero-sum critical tech domains, space exploration under the Accords is non-monopolistic, preserving open access to lunar resources for all nations.
- **Avoiding Overdependence:** While embracing shared infrastructure, ISRO must retain its sovereign strategic goals and prevent excessive lock-in to the US technology ecosystem.

Essential Definitions



- **Moon Base Programme:** NASA's phased lunar project aiming to build habitats, power, and logistics infrastructure for permanent human and robotic presence near the lunar South Pole.
- **Artemis Accords:** A US-led non-binding framework establishing principles for civil space exploration, resource utilization, and interoperability among signatory nations.
- **Bharat Antariksh Station:** India’s planned indigenous space station envisioned to support microgravity research and independent low-Earth orbit human missions.

Legal and Constitutional Framework

- **Outer Space Treaty, 1967:** The core international treaty mandating outer space exploration for peaceful purposes and prohibiting national appropriation of celestial bodies.
- **Indian Space Policy 2023:** Regulates domestic space activities, encouraging international collaborations, technology transfer, and commercialization through IN-SPACe and NSIL.
- **Allocation of Business Rules, 1961:** Assigns space research, satellite operations, and international space treaties under the direct oversight of the Department of Space (DoS).

Conclusion Collaborating on NASA’s Moon Base offers ISRO a pragmatic, cost-effective avenue to accelerate its technological maturity. Balancing international synergies with domestic strategic targets ensures India remains a premier global space power while mitigating long-term financial risks.

UPSC Relevance Crucial for **GS Paper-III (Science & Technology)** under *Awareness in Space*, *Indigenization of Technology*, and *International Technical Collaborations*, as well as **GS Paper-II (International Relations)** regarding *Bilateral Alliances and Space Geopolitics*.

11. The Centre-States Tussle Over the Mines and Minerals Bill

Key Highlights & Summary

- **Legislative Restraints on State Levies:** The passage of the Mines and Minerals (Development and Regulation) Amendment Bill, 2026, restricts states from imposing specified levies on mineral rights and mineral-bearing land.
- **Overriding Judicial Precedent:** The Bill directly counters the Supreme Court's landmark 2024 judgment (*MADA v. SAIL*), which upheld states' constitutional powers to tax mineral rights and collect historical arrears.
- **Extinction of Outstanding Dues:** The legislation extinguishes unpaid or unrecovered dues arising from state-imposed levies prior to its enforcement, valued at approximately ₹2 lakh crore across the mining sector.
- **Central Justification for Fiscal Uniformity:** The Union Government contends that unchecked state-level cesses inflate raw material costs for core industries, driving broader inflation and swelling infrastructure expenditure.
- **State Opposition & Revenue Concerns:** Mineral-rich states strongly oppose the Bill, arguing that curtailing tax powers severely impairs their non-tax fiscal capacity and violates federal principles.
- **Industry Cost-Containment:** Mining experts view the Bill as a vital cost-containment measure that eliminates multiple, unpredictable cesses and fosters investment certainty.

Essential Definitions

- **Mineral Rights:** The legal entitlement to explore, extract, and profit from minerals located beneath the surface of a specified tract of land.
- **Royalty (Mining):** A statutory contractual payment made by a leaseholder to the mineral owner (typically state governments) for extracting non-renewable natural resources.
- **Fiscal Federalism:** The division of financial powers, taxation rights, and expenditure responsibilities between central and sub-national levels of government.

Legal and Constitutional Framework

- **Seventh Schedule Allocation:** Divided between **Entry 54, Union List** (regulation of mines and mineral development to the extent declared by Parliament in public interest) and **Entry 50, State List** (taxes on mineral rights subject to limitations imposed by Parliament).
- **Entry 49, State List:** Empowers state legislatures to levy taxes on lands and buildings, historically used by states to tax mineral-bearing lands.
- **Mines and Minerals (Development and Regulation) Act, 1957:** The principal central framework governing mineral concessions, now amended under Section 13 and Section 9D to centralize fiscal parameters.

- **MADA v. SAIL (2024):** An 8:1 Supreme Court Constitution Bench ruling holding that royalty is not a tax and confirming states' legislative competence under Entry 50.

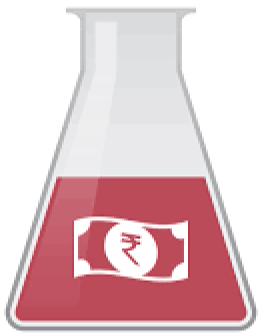
Conclusion The MMDR Amendment Bill, 2026, highlights the ongoing tension between national economic stabilization and sub-national fiscal autonomy. While predictable taxation is essential for critical mineral investments, lasting governance requires structured central guardrails alongside fair revenue-sharing mechanisms for mineral-bearing states.

UPSC Relevance Crucial for **GS Paper-II (Polity & Governance)** under *Issues and challenges pertaining to the federal structure*, *Distribution of legislative and financial powers*, and *Judicial Interpretation of Constitutional Lists*, as well as **GS Paper-III (Indian Economy)** under *Mineral Sector Governance*, *Mobilization of Resources*, and *Inflation Management*.

12. Taxing 'Frivolous' Industries Will Not Fund India's Science

Key Highlights & Summary

- **Flawed Taxation Premise:** Proposals to tax seemingly "unintellectual" industries like the IPL, cinema, or tourism to fund scientific research stem from a zero-sum fallacy and ignore the extensive employment and economic spillover generated by these sectors.
- **Resource Allocation Dilemmas:** Centralized state distribution of research funds inevitably creates bureaucratic bottlenecks, political favoritism, and subjective conflicts over competing public priorities like healthcare or policing.
- **Bureaucratic Procurement Inefficiencies:** Rigid compartmentalization of funds (e.g., rigid categorization of consumables vs. equipment) and fiscal year-end expenditure rules force scientists to buy what is "allowed" rather than what is "needed".
- **GeM & Import Constraints:** Mandatory procurement via the Government e-Marketplace (GeM) and high import duties on scientific instruments often force laboratories to settle for sub-standard equipment, delaying critical experimental research.



- **Private Capital & CSR Bottlenecks:** Onerous Foreign Contribution (Regulation) Act (FCRA) rules and restrictive Corporate Social Responsibility (CSR) compliance discourage private endowments and long-term, high-risk research investments.
- **Path to Reform:** Sustainable growth in Indian science requires liberalizing capital inflow channels, lifting GST/import duties on research tools, reforming recruitment under the UGC Act, and reducing state dependency.

Essential Definitions

- **Zero-Sum Fallacy:** The erroneous assumption that economic gain or progress in one sector (such as sports or entertainment) naturally occurs at the direct financial expense of another (such as scientific research).
- **Government e-Marketplace (GeM):** An online procurement platform mandated for central and state government departments in India to purchase common-use goods and services, aimed at enhancing transparency.

- **Research Capital Liberalization:** The process of removing regulatory barriers, import tariffs, and compliance hurdles to facilitate seamless flow of private, philanthropic, and foreign capital into scientific institutions.

Legal and Constitutional Framework

- **Article 51A(h) of the Constitution:** Establishes a Fundamental Duty for every citizen to develop a scientific temper, humanism, and the spirit of inquiry and reform.
- **Foreign Contribution (Regulation) Act (FCRA), 2010:** Regulates the acceptance and utilization of foreign donations, creating complex compliance hurdles for research institutions seeking global private grants.
- **Companies Act, 2013 (Section 135):** Mandates Corporate Social Responsibility (CSR) expenditure, where current rules inadvertently favor short-term, low-risk welfare projects over long-term scientific R&D.
- **University Grants Commission (UGC) Act, 1956:** The statutory framework governing higher education faculty recruitment, whose rigid provisions often delay the retention of global scientific talent.

Conclusion Funding India's scientific ecosystem requires structural deregulation rather than penalizing profitable commercial industries. Eliminating cumbersome procurement norms, lowering duties on research equipment, and opening doors for private philanthropic capital will foster a dynamic, world-class research environment.

UPSC Relevance Crucial for **GS Paper-III (Science & Technology)** under *Indigenization of technology and developing new technology*, *Issues relating to R&D funding and private sector participation*, and **GS Paper-II (Governance)** under *Government policies and interventions for development* and *Statutory and regulatory bodies (UGC)*.