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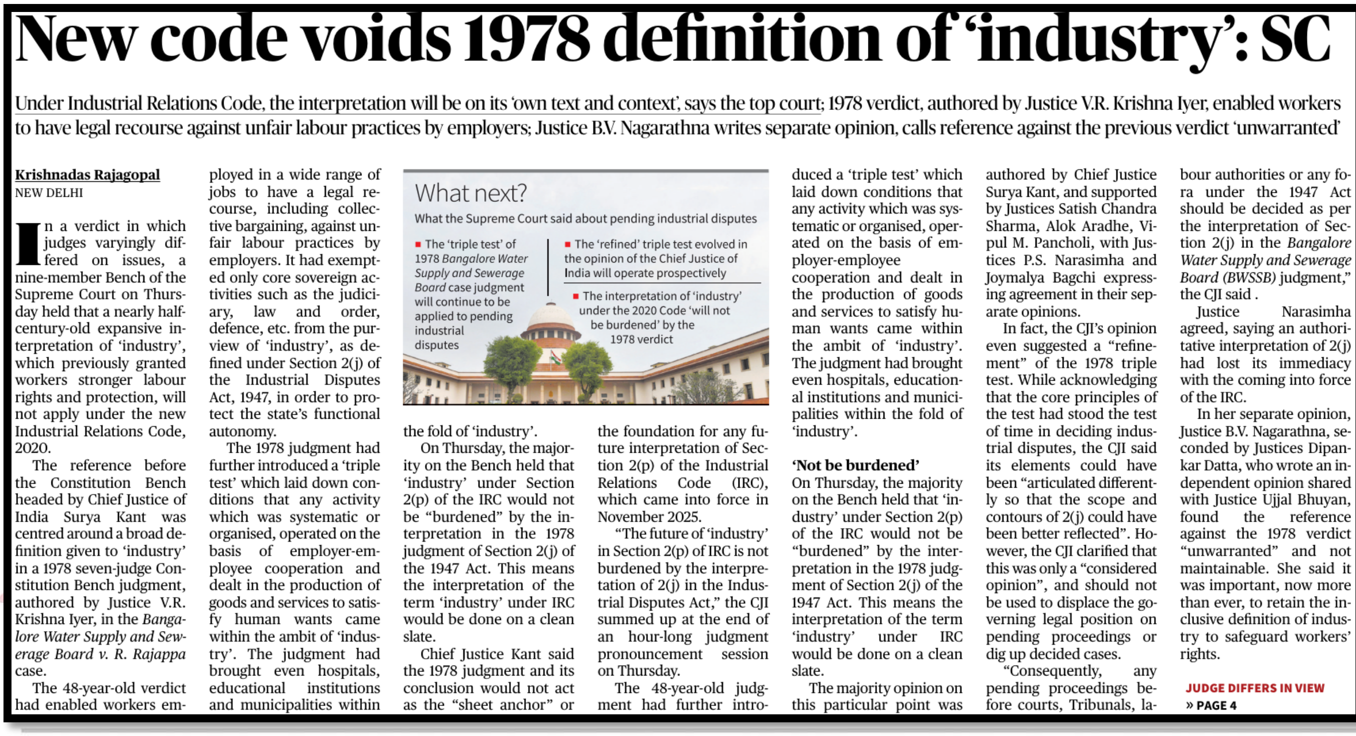
Add- 21/B, Om Swati Manor Chs, J.K. Sawant Marg, Opp. Shivaji Natyamandir, Behind Cambridge Showroom, Dadar (West) Mumbai – 400028
Con.- 09820971345, 9619071345, 9223209699
G-mail-lakshyaacademymumbai@gmail.com

Page 01:GS II&III : Governance &Indian Economy/ Preliminary Examination

A nine-judge Constitution Bench of the Supreme Court of India ruled on the interpretation of the term 'industry' under labor laws. The ruling decouples Section 2(p) of the **Industrial Relations Code (IRC), 2020** from the expansive 1978 precedent set in Bangalore Water Supply and Sewerage Board v. R. Rajappa, marking a significant evolution in Indian labor jurisprudence.



New code voids 1978 definition of 'industry': SC

Under Industrial Relations Code, the interpretation will be on its 'own text and context', says the top court; 1978 verdict, authored by Justice V.R. Krishna Iyer, enabled workers to have legal recourse against unfair labour practices by employers; Justice B.V. Nagarathna writes separate opinion, calls reference against the previous verdict 'unwarranted'

Krishnadas Rajagopal
NEW DELHI

In a verdict in which judges varyingly differed on issues, a nine-member Bench of the Supreme Court on Thursday held that a nearly half-century-old expansive interpretation of 'industry', which previously granted workers stronger labour rights and protection, will not apply under the new Industrial Relations Code, 2020.

The reference before the Constitution Bench headed by Chief Justice of India Surya Kant was centred around a broad definition given to 'industry' in a 1978 seven-judge Constitution Bench judgment, authored by Justice V.R. Krishna Iyer, in the *Bangalore Water Supply and Sewerage Board v. R. Rajappa* case.

The 48-year-old verdict had enabled workers employed in a wide range of jobs to have a legal recourse, including collective bargaining, against unfair labour practices by employers. It had exempted only core sovereign activities such as the judiciary, law and order, defence, etc. from the purview of 'industry', as defined under Section 2(j) of the Industrial Disputes Act, 1947, in order to protect the state's functional autonomy.

The 1978 judgment had further introduced a 'triple test' which laid down conditions that any activity which was systematic or organised, operated on the basis of employer-employee cooperation and dealt in the production of goods and services to satisfy human wants came within the ambit of 'industry'. The judgment had brought even hospitals, educational institutions and municipalities within the fold of 'industry'.

What next?

What the Supreme Court said about pending industrial disputes

- The 'triple test' of 1978 *Bangalore Water Supply and Sewerage Board* case judgment will continue to be applied to pending industrial disputes
- The 'refined' triple test evolved in the opinion of the Chief Justice of India will operate prospectively
- The interpretation of 'industry' under the 2020 Code 'will not be burdened' by the 1978 verdict

On Thursday, the majority on the Bench held that 'industry' under Section 2(p) of the IRC would not be "burdened" by the interpretation in the 1978 judgment of Section 2(j) of the 1947 Act. This means the interpretation of the term 'industry' under IRC would be done on a clean slate.

Chief Justice Kant said the 1978 judgment and its conclusion would not act as the "sheet anchor" or the foundation for any future interpretation of Section 2(p) of the Industrial Relations Code (IRC), which came into force in November 2025.

"The future of 'industry' in Section 2(p) of IRC is not burdened by the interpretation of 2(j) in the Industrial Disputes Act," the CJI summed up at the end of an hour-long judgment pronouncement session on Thursday.

The 48-year-old judgment had further introduced a 'triple test' which laid down conditions that any activity which was systematic or organised, operated on the basis of employer-employee cooperation and dealt in the production of goods and services to satisfy human wants came within the ambit of 'industry'. The judgment had brought even hospitals, educational institutions and municipalities within the fold of 'industry'.

'Not be burdened'

On Thursday, the majority on the Bench held that 'industry' under Section 2(p) of the IRC would not be "burdened" by the interpretation in the 1978 judgment of Section 2(j) of the 1947 Act. This means the interpretation of the term 'industry' under IRC would be done on a clean slate.

The majority opinion on this particular point was authored by Chief Justice Surya Kant, and supported by Justices Satish Chandra Sharma, Alok Aradhe, Vipul M. Pancholi, with Justices P.S. Narasimha and Joymalya Bagchi expressing agreement in their separate opinions.

In fact, the CJI's opinion even suggested a "refinement" of the 1978 triple test. While acknowledging that the core principles of the test had stood the test of time in deciding industrial disputes, the CJI said its elements could have been "articulated differently so that the scope and contours of 2(j) could have been better reflected". However, the CJI clarified that this was only a "considered opinion", and should not be used to displace the governing legal position on pending proceedings or dig up decided cases.

"Consequently, any pending proceedings before courts, Tribunals, labour authorities or any fora under the 1947 Act should be decided as per the interpretation of Section 2(j) in the *Bangalore Water Supply and Sewerage Board (BWSSB)* judgment," the CJI said .

Justice Narasimha agreed, saying an authoritative interpretation of 2(j) had lost its immediacy with the coming into force of the IRC.

In her separate opinion, Justice B.V. Nagarathna, seconded by Justices Dipankar Datta, who wrote an independent opinion shared with Justice Ujjal Bhuyan, found the reference against the 1978 verdict "unwarranted" and not maintainable. She said it was important, now more than ever, to retain the inclusive definition of industry to safeguard workers' rights.

JUDGE DIFFERS IN VIEW
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Key Highlights of the Supreme Court Ruling

- **Clean Slate for IRC, 2020:** The majority led by CJI Surya Kant held that Section 2(p) of the IRC, 2020 will be interpreted based on its own text and context, unburdened by the 1978 Bangalore Water Supply verdict under Section 2(j) of the Industrial Disputes Act (IDA), 1947.

- **Prospective Scope:** Pending disputes and past cases under the 1947 Act will continue to be governed by the 1978 Bangalore Water Supply precedent.

- **Refinement of the 'Triple Test':** The Court observed that while the core elements of the 1978 test stood the test of time, its articulation required refinement for modern economic realities.

- **Dissenting Opinions:** Justice B.V. Nagarathna, alongside Justices Dipankar Datta and Ujjal Bhuyan, termed the reference "unwarranted," stressing the need to retain a broad definition of 'industry' to safeguard workers' rights against unfair labor practices.

Static Dimensions & Analytical Breakdown

- **Evolution of the 'Triple Test' (1978 Precedent):**
    - Systematic Activity: Organized operation between employer and employee.
    - Cooperation: Joint effort to produce goods or services to satisfy human wants.
    - Inclusion: Expanded the definition to include hospitals, educational institutions, and municipalities, exempting only sovereign state functions (defence, judiciary, law & order).
- **Shift to Industrial Relations Code, 2020:**
    - Consolidated three central laws (Industrial Disputes Act 1947, Industrial Employment Standing Orders Act 1946, Trade Unions Act 1926).
    - Aims to balance **Ease of Doing Business** with social security and labor protection.
    - Re-evaluates coverage to offer flexibility to emerging sectors like gig platforms, IT services, and non-profit enterprises.
- **Impact on Stakeholders:**
    - **Employers:** Provides regulatory clarity, reduces litigations regarding enterprise definitions, and offers operational flexibility.
    - **Workers:** Raises concerns about reduced avenues for collective bargaining if institutional activities (e.g., educational or non-profit entities) are excluded under new rules.

Conclusion The Supreme Court's ruling strikes a pragmatic balance between historical labor welfare protections and modern economic governance under the new labor codes. As India modernizes its labor architecture, legislative clarity around Section 2(p) of the IRC, 2020 will be pivotal in defining the future of workplace rights, industrial efficiency, and investment appeal.

UPSC Prelims Practice Questions

Question: The "Triple Test" associated with the Bangalore Water Supply and Sewerage Board v. R. Rajappa case primarily relates to:

A. Determining whether an activity qualifies as an industry under labour law

B. Determining whether a law violates the Basic Structure

C. Determining whether a restriction on fundamental rights is reasonable

D. Determining whether an institution qualifies as a public authority

Ans: A)

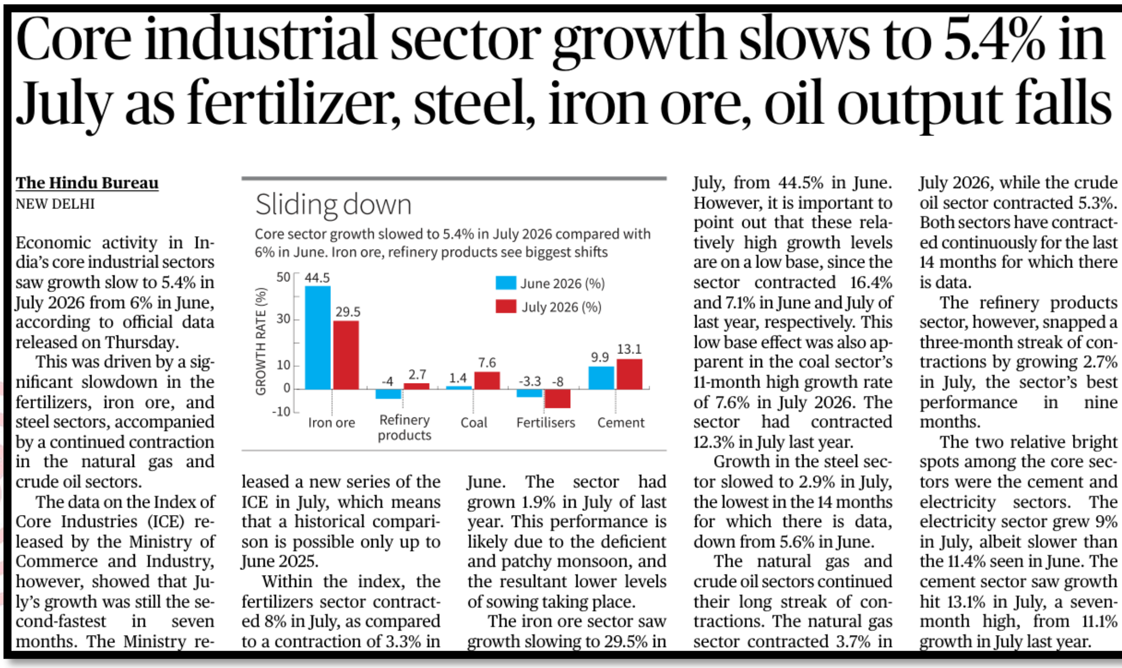
UPSC Mains Practice Questions

Question: "The interpretation of labour legislation must balance the constitutional commitment to social justice with the requirements of a changing economy." Critically examine.**(10 Marks, 150 Words)**

Add- 21/B, Om Swati Manor Chs, J.K. Sawant Marg, Opp. Shivaji Natyamandir, Behind Cambridge Showroom, Dadar (West) Mumbai – 400028
Con.- 09820971345, 9619071345, 9223209699
G-mail-lakshyaacademymumbai@gmail.com

Page 01 :GS III :Indian Economy / Preliminary Examination

Data released by the Office of the Economic Adviser, Ministry of Commerce and Industry, reveals that growth in India's Index of Core Industries (ICI) slowed down to **5.4% in July 2026** compared to 6% in June 2026. Despite the sequential moderation, this reading represents the second-fastest expansion in seven months, reflecting underlying economic resilience amidst localized structural drag.



Core industrial sector growth slows to 5.4% in July as fertilizer, steel, iron ore, oil output falls

The Hindu Bureau
NEW DELHI

Economic activity in India's core industrial sectors saw growth slow to 5.4% in July 2026 from 6% in June, according to official data released on Thursday.

This was driven by a significant slowdown in the fertilizers, iron ore, and steel sectors, accompanied by a continued contraction in the natural gas and crude oil sectors.

The data on the Index of Core Industries (ICE) released by the Ministry of Commerce and Industry, however, showed that July's growth was still the second-fastest in seven months. The Ministry released a new series of the ICE in July, which means that a historical comparison is possible only up to June 2025.

Within the index, the fertilizers sector contracted 8% in July, as compared to a contraction of 3.3% in June. The sector had grown 1.9% in July of last year. This performance is likely due to the deficient and patchy monsoon, and the resultant lower levels of sowing taking place.

The iron ore sector saw growth slowing to 29.5% in July, from 44.5% in June. However, it is important to point out that these relatively high growth levels are on a low base, since the sector contracted 16.4% and 7.1% in June and July of last year, respectively. This low base effect was also apparent in the coal sector's 11-month high growth rate of 7.6% in July 2026. The sector had contracted 12.3% in July last year.

Growth in the steel sector slowed to 2.9% in July, the lowest in the 14 months for which there is data, down from 5.6% in June.

The natural gas and crude oil sectors continued their long streak of contractions. The natural gas sector contracted 3.7% in July 2026, while the crude oil sector contracted 5.3%. Both sectors have contracted continuously for the last 14 months for which there is data.

The refinery products sector, however, snapped a three-month streak of contractions by growing 2.7% in July, the sector's best performance in nine months.

The two relative bright spots among the core sectors were the cement and electricity sectors. The electricity sector grew 9% in July, albeit slower than the 11.4% seen in June. The cement sector saw growth hit 13.1% in July, a seven-month high, from 11.1% growth in July last year.

Sliding down

Core sector growth slowed to 5.4% in July 2026 compared with 6% in June. Iron ore, refinery products see biggest shifts

Sector	June 2026 (%)	July 2026 (%)
Iron ore	44.5	29.5
Refinery products	-4	2.7
Coal	1.4	7.6
Fertilisers	-3.3	-8
Cement	9.9	13.1

Key Sectoral Highlights & Trends

- **Drag Factors (Contraction & Slowdown):**
  - **Fertilizers (-8%):** Contracted sharply due to uneven monsoon distribution and subsequent delays in kharif sowing patterns.
  - **Steel (2.9%) & Iron Ore (29.5%):** Steel growth dropped to a 14-month low, while iron ore growth moderated off a statistical low base from the previous year.
  - **Crude Oil (-5.3%) & Natural Gas (-3.7%):** Extended a continuous 14-month trend of output contraction due to aging domestic upstream fields.
- **Growth Drivers (Bright Spots):**
  - **Cement (13.1%):** Hit a 7-month high, signaling sustained capital expenditure momentum and public infrastructure execution.

- **Electricity (9%):** Remained robust due to sustained peak summer and industrial power demand.
- **Refinery Products (2.7%):** Broke a 3-month contraction streak, posting its best performance in 9 months.

Static & Analytical Dimensions for UPSC

- **About Index of Core Industries (ICI):**
  - Measures the combined and individual production performance of eight core sectors.
  - It comprises **40.27% of the total weight** in the Index of Industrial Production (IIP).
  - Released monthly by the Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade (DPIIT).
- **Sector Weightage Hierarchy (Decreasing Order):**
  - Refinery Products (28.04%) > Electricity (19.85%) > Steel (17.92%) > Coal (10.33%) > Crude Oil (8.98%) > Natural Gas (6.88%) > Cement (5.37%) > Fertilizers (2.63%).
- **Policy & Economic Implications:**
  - **IIP Predictor:** Slowing core sector growth directly impacts broader manufacturing and industrial output figures.
  - **Agrarian Vulnerability:** Contraction in fertilizer output emphasizes the dependency of industrial inputs on monsoon behavior.
  - **Energy Security Challenge:** Persistent crude oil and natural gas decline underlines India's import dependency (> 85% for crude) and highlights the urgency for accelerated energy transition and deep-water exploration reforms.

Conclusion

While infrastructure-led demand continues to anchor growth via cement and electricity, persistent weaknesses in upstream energy and agro-linked inputs pose headwinds. Strategic focus on domestic resource extraction, monsoon-resilient agricultural strategies, and sustained capital spending will be critical to sustaining higher industrial momentum.

UPSC Prelims Practice Questions

Question: Which of the following statements best explains the relationship between the Index of Core Industries (ICI) and the Index of Industrial Production (IIP)?

A. ICI is compiled after the IIP and has no predictive value.

B. ICI includes all manufacturing industries covered under the IIP.

C. ICI tracks key input industries and often provides an early indication of trends in industrial production.

D. IIP is a component of the ICI.

Ans: C)

UPSC Mains Practice Questions

Question: Persistent contraction in crude oil and natural gas production poses a long-term challenge to India's energy security. Analyze the causes and suggest policy measures.**(10 Marks, 150 Words)**

Add- 21/B, Om Swati Manor Chs, J.K. Sawant Marg, Opp. Shivaji Natyamandir, Behind Cambridge Showroom, Dadar (West) Mumbai – 400028
Con.- 09820971345, 9619071345, 9223209699
G-mail-lakshyaacademymumbai@gmail.com

Page 04:GS II :International Relations / Preliminary Examination

During bilateral talks in New Delhi, Indian Defence Minister Rajnath Singh and Japanese Defence Minister Shinjiro Koizumi signed a Memorandum of Arrangement (MoA) on Maritime Security Cooperation. This agreement marks a significant leap in operational coordination under the **Japan-India Special Strategic and Global Partnership**, aimed at maintaining a Free and Open Indo-Pacific (FOIP) amidst evolving regional security challenges.

Key Highlights of the Agreement

- **Operational Cooperation:** Focuses on reciprocal port access, shared logistics support, maintenance, and ship repairs under the 'Make in India' framework.
- **Maritime Domain Awareness (MDA):** Enhanced real-time intelligence sharing, search-and-rescue operations, HADR (Humanitarian Assistance & Disaster Relief), and protection of vital Sea Lines of Communications (SLOCs).
- **Defence Tech & Shipbuilding:** Co-development of advanced naval technologies, specifically the UNICORN (Unified Complex Radio Antenna) system, alongside joint efforts between DRDO (India) and ATLA (Japan).
- **Joint Military Exercises:** Expansion of bilateral drills including **JIMEX** (Naval), **Dharma Guardian** (Army), and **Veer Guardian 26** (Air Force), featuring Japanese fighter aircraft participation in India for the first time.

India, Japan sign maritime security pact to deepen defence cooperation

Saurabh Trivedi
NEW DELHI

As Defence Minister Rajnath Singh and his Japanese counterpart Shinjiro Koizumi held bilateral talks, India and Japan on Thursday signed a Memorandum of Arrangement (MoA) on Maritime Security Cooperation and agreed to deepen operational cooperation – including information sharing, naval exercises, ship repair and logistics support.

According to the Defence Ministry, the two Ministers, in their talks in New Delhi, reaffirmed their commitment to further deepen defence cooperation under the "Japan-India Special Strategic and Global Partnership" and work towards a free and open Indo-Pacific amid heightened global tensions.

The newly signed maritime security arrangement provides a framework for closer cooperation between the Japan Maritime Self-Defense Force and the Indian Navy, including Maritime Domain Awareness (MDA), search and rescue, and humanitarian assistance and disaster relief.

Strong ties: Rajnath Singh and Shinjiro Koizumi during a bilateral meeting in New Delhi on Thursday. SUSHIL KUMAR VERMA

The Ministers also agreed to strengthen coordination for the protection of Sea Lines of Communications through reciprocal naval visits, joint exercises, personnel and subject matter expert exchanges, and logistical support, including access to ports and maintenance and repair facilities.

India and Japan will also move towards greater cooperation in mine countermeasures and explore the possibility of joint development in naval shipbuilding and design by leveraging Japan's technological expertise and India's production capabilities. The two sides will also discuss greater use of India's shipbuilding capabilities under the "Make in India" framework and work towards reciprocal provision of ship repair facilities.

The Ministers welcomed the expansion of bilateral military exercises, including Dharma Guardian and JAIMEX, and the planned Veer Guardian 26 air exercise. Japanese fighter aircraft will participate in the exercise in India for the first time.

The two sides also agreed to enhance the complexity of bilateral exercises, integrate unmanned systems and explore short-notice joint exercises.

The two countries will promote exchanges between their Special Operations Forces and pursue cooperation with India's integrated theatre commands after their establishment.

DRDO and ATLA

The two sides identified the shipborne UNICORN integrated communications antenna system as a symbol of their growing defence equipment partnership and committed to its early realisation.

India's DRDO and Japan's ATLA will deepen cooperation in advanced defence technologies, while a Defence Industry Forum will also be convened.

The Ministers further agreed to establish a Working Group, headed at the Director-General/Joint Secretary level, to coordinate cooperation across operational, intelligence, equipment, technology and industrial domains.

They also agreed to accelerate discussions for the fourth India-Japan "2+2" Foreign and Defence Ministerial Dialogue, to be held in Tokyo this year.

- **Institutional Governance:** Setting up a Working Group led by Joint Secretary/Director-General level officials and preparing for the upcoming **4th India-Japan 2+2 Ministerial Dialogue** in Tokyo.

Static Dimensions & Strategic Significance for UPSC

- **Bilateral Defence Architecture:**
  - **2+2 Ministerial Dialogue:** Foreign and Defence Ministers of both nations deliberate on strategic priorities.
  - **Acquisition and Cross-Servicing Agreement (ACSA):** Enables mutual logistics support between the Indian Armed Forces and Japan Self-Defense Forces.
  - **Special Operations & Theatre Commands:** Future integration between special forces and coordination with India's emerging Integrated Theatre Commands.

- **Indo-Pacific Geo-strategic Convergence:**
  - **QUAD Alignment:** Complements multilateral security initiatives alongside the US and Australia to counterbalance unilateral assertiveness in the Indo-Pacific.
  - **Maritime Security Synergy:** Aligns India's **SAGAR** (Security and Growth for All in the Region) vision with Japan's **Free and Open Indo-Pacific (FOIP)** doctrine.
  - **Supply Chain & Industrial Ties:** Promotes defence industrial capability building by leveraging Japanese technology with Indian manufacturing capability.

Conclusion

The MoA strengthens the maritime pillar of India-Japan strategic relations by moving beyond symbolic joint exercises toward deep operational integration and defense co-production. As power dynamics evolve in the Indo-Pacific, this partnership serves as a crucial anchor for regional stability, maritime security, and technological self-reliance.

UPSC Prelims Exam Study Questions

Question: The protection of Sea Lines of Communication (SLOCs) is strategically important primarily because:

A. They facilitate the movement of maritime trade and energy supplies.

B. They determine territorial boundaries between coastal states.

C. They are exclusively used for naval operations.

D. They eliminate the need for strategic maritime chokepoints.

Ans:A)

UPSC Mains Exam Study Questions

Question: How does Maritime Domain Awareness contribute to India's maritime security and protection of Sea Lines of Communication?**(10 Marks, 150 Words)**

Page 06 :GS II : Social Justice / Preliminary Examination

Introduction The Ministry of Social Justice and Empowerment has proposed expanding the scope of the **NAMASTE** (National Action for Mechanised Sanitation Ecosystem) scheme to cover rural India. With a proposed outlay of ₹498.73 crore through 2030-31, the initiative aims to eradicate hazardous sewer cleaning and eliminate manual sanitation deaths across urban and rural local bodies.

Key Highlights & Implementation Challenges

- **Rural & Operational Expansion:** Extends protection from urban areas to rural regions, bringing drain cleaners, STP/FSTP (Sewage/Faecal Sludge Treatment Plant) workers, and waste pickers into its ambit.
- **Worker Profiling:** Over 90,000 sewer/septic tank workers (SSWs) and 1.3 lakh waste pickers have been profiled for targeted welfare interventions.
- **Capital Subsidies & Self-Employment:** Provides capital subsidies up to 50% to help sanitation workers purchase mechanized equipment and set up Emergency Response Sanitation Units (ERSUs).
- **High Application Rejections:** The National Commission for Scheduled Castes (NCSC) has raised red flags over high rejection rates for capital subsidies under the Safai Udyami Yojana and self-employment initiatives, hindering effective rehabilitation.

Centre set to expand mechanised sanitation scheme to rural India

Abhinay Lakshman
NEW DELHI

The scheme also covers waste pickers in its ambit.

Even as the government plans to expand its scheme to mechanise sanitation work, the National Commission for Scheduled Castes (NCSC) has been flagging the continued rejection of applications under the self-employment and capital subsidy components of the project.

The Social Justice Ministry has already moved a proposal to expand the scope of the National Action for Mechanised Sanitation Ecosystem (NAMASTE) scheme from towns and cities to rural parts of the country as well, officials said. As per this proposal, the scheme, started in 2023-24 with the aim of eradicating sewer and septic tank deaths, will now be expanded to include drain cleaners, and workers in sewage treatment plants (STPs), and faecal sludge treatment plants. The Ministry has proposed an outlay of around ₹498.73 crore for the expanded scheme, to be spent from this fiscal year to 2030-31.

The Social Justice Ministry told Parliament this August that 498 people had died across the country while engaged in the hazardous cleaning of sewers and septic tanks, from 2019 to June 2026.

The NAMASTE scheme had initially covered sewer and septic tank workers (SSWs) and was first expanded to include waste pickers. So far, 90,915 SSWs have been profiled across the country, along with 1.3 lakh waste pickers, according to the Ministry's annual report for 2025-26.

The main components of the scheme help manual scavengers and SSWs to set up their own sanitation-related projects by providing capital subsidies of up to 50% of the total project cost, and aid in setting up emergency response sanitation units in urban local bodies. Other components include training workshops and the provision of personal protective equipment for the profiled workers.

Few project approvals

Only 810 SSWs have been approved for capital subsidies under the scheme, of which 147 have actually received their funds, as of March 31 this year, according to Ministry data. Similarly, only 2,652 projects have been approved for the 58,000 manual scavengers identified under the scheme. This includes projects proposed by Private Sanitation Service Organisations (PSSOs) and by individuals.

In repeated letters to the Social Justice Ministry since last year, the NCSC has highlighted that one reason for the low number of approved projects is the high rate of rejections. It has noted that there have been rejections under each part of the capital subsidy component, which need to be examined. In an August 2025 letter, the NCSC flagged rejections in the self-employment components of the scheme, both in the Safai Udyami Yojana, under which SSWs receive capital subsidies and in the component for PSSOs.

Static Dimensions & Analytical Breakdown

- **Core Features of NAMASTE Scheme:**
  - **Joint Initiative:** Launched by the Ministry of Social Justice and Empowerment and the Ministry of Housing and Urban Affairs (MoHUA).
  - **Key Objectives:** Zero fatalities in sanitation work, 100% mechanization of sewer/septic tank cleaning, and direct access to alternative livelihoods.
  - **Implementing Agency:** National Safai Karamcharis Finance and Development Corporation (NSKFDC).
- **Constitutional & Legal Framework:**
  - **Article 17:** Abolition of Untouchability (manual scavenging historically linked to caste-based occupation).

- **Article 21:** Right to Life with dignity, extending to safe work environments.
- **PEMSR Act, 2013:** Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013 prohibits hazardous manual cleaning without protective gear.
- **Article 338:** Empowers the National Commission for Scheduled Castes (NCSC) to monitor administrative implementation and safeguard rights.

- **Key Institutional & Structural Bottlenecks:**
  - **Credit Flow Barriers:** Banks and financial institutions frequently reject subsidy applications from marginalized sanitation workers due to lack of collateral.
  - **Local Body Execution Gaps:** Municipalities and Gram Panchayats often face budget constraints in adopting advanced mechanized cleaning fleets.
  - **Societal & Caste Vulnerability:** Informal employment structures lead to underreporting of fatalities and lack of social security coverage.

Conclusion

While expanding NAMASTE to rural areas addresses a critical legal and humanitarian requirement, its success relies on streamlining credit approvals, reducing application rejection rates, and ensuring strict implementation of safety protocols by local authorities. Fulfilling the mandate of Article 21 requires converting mechanization policies into accessible livelihoods for marginalized sanitation workers.

UPSC Prelims Exam Study Questions

Question: Consider the following pairs:

Constitutional Provision	Subject
1. Article 17	Abolition of untouchability
2. Article 21	Protection of life and personal liberty
3. Article 338	National Commission for Scheduled Castes
4. Article 23	Prohibition of trafficking and forced labour

Which of the pairs given above are correctly matched?

A. 1 and 2 only

B. 1, 2 and 3 only

C. 2, 3 and 4 only

D. 1, 2, 3 and 4

Ans: A)

UPSC Mains Exam Study Questions

Question: "The persistence of hazardous sanitation work represents not merely a livelihood issue but a failure of social justice and human dignity." Discuss in the context of manual scavenging in India.**(10 Marks, 150 Words)**

Page 07 :GS II &III :Social Justice&Science & Technology/ Preliminary Examination

Despite South Asians representing over 20% of the world's population, they account for less than 1% of participants in global Genome-Wide Association Studies (GWAS). As Artificial Intelligence and machine learning increasingly drive precision medicine and diagnostic tools, the severe underrepresentation of South Asian genomic data threatens to exacerbate healthcare disparities and clinical inaccuracies for the region.

Key Highlights & Implications

- **The Genomic Gap:** Over 86% of global GWAS participants are of European ancestry, leading to AI risk-prediction models (such as Polygenic Risk Scores) that frequently fail or miscalculate disease risks when applied to South Asians.
- **Higher Health Vulnerabilities:** South Asians face earlier onset and higher prevalence of non-communicable diseases like Type-2 Diabetes and cardiovascular conditions, making tailored diagnostic recalibration essential.
- **Extreme Genetic Diversity:** South Asia is not a single genetic monolith. Endogamy, consanguineous marriages, and distinct tribal history make regional populations uniquely diverse (e.g., over 40 million unique variants identified under India's GenomeIndia project).
- **Structural Causes:** Historical funding imbalances (10% of health research funding going to LMICs despite carrying 90% of lost life years), lack of biobanking infrastructure, and pressing immediate burdens like infectious diseases have delayed large-scale cohort studies.

Why are South Asians missing from global health databases

Advances in AI are allowing scientists to mine vast amounts of genomic data to detect disease earlier, predict risk and tailor treatments to individuals; but at the heart of this lies an old, constant problem – the data used to build these tools lack diversity; South Asian scientists now want to build their own tools

Rupsy Khurana

Globally, more than one in 10 adults now live with diabetes. If you have South Asian roots, that risk is even higher, and it hits earlier than it does in many other populations. In India alone, the number of people with diabetes is projected to reach 125 million by 2045.

Yet, when scientists try to understand why diseases such as diabetes and cardiovascular disease affect South Asians differently, they often have to rely on genetic data drawn from European populations.

Advances in artificial intelligence and machine learning are allowing scientists to mine vast amounts of genomic and health data to detect disease earlier, predict risk, monitor patients and tailor treatments to individuals. But at the heart of this changing landscape lies an old, constant problem – the data used to build these tools lack diversity.

The missing factor

Integrated biobanks such as the U.K. Biobank, which combine participants' genomic information with electronic health records, environmental exposures and lifestyle data, have transformed biomedical research. These repositories have accelerated drug development, informed clinical guidelines and helped shape public health policy across the world.

But South Asians remain largely absent from these datasets. The NHGRI-EBI GWAS Catalogue, an online database of human genome-wide association studies, shows that between 2005 and 2025, more than 86% of participants in these studies were of European ancestry, while South Asians accounted for less than 1%.

"More than 20% of the world is being neglected in multi-modal data integration," said Bhramar Mukherjee, senior associate dean of public health data science and data equity, Yale School of Public Health, U.S.. "It denies [them] the human right and opportunity to attain the maximal possible health".

A recent study

The pattern repeats in newer tools, too. A recent study published in *Cell Genomics* reviewed more than 13,500 samples across three major single-cell resources – the Human Cell Atlas, the Human Tumour Atlas Network and the PsychAD Consortium and found a "striking, pervasive European over representation and under-representation of Asian and Latino individuals."

"These single-cell atlases are becoming the reference maps for biology and medicine, and they are increasingly used to train the AI models that will shape future research and care," said Kuan-lin Huang, senior author of the study, who is an associate professor of genetics and genomic sciences, and AI in human health, at the Icahn School of Medicine, United States.

These data points are more than just statistics. South Asians face higher rates of type 2 diabetes, cardiovascular disease and asthma than people of European ancestry, which means the tools built on European-heavy data are less accurate for the population that needs them most.

Take polygenic risk scores, which combine the effects of many genetic variants associated with a disease to estimate a person's overall genetic risk.

A 2023 study found that polygenic risk scores for multiple sclerosis were less accurate when applied to South Asian populations.

"Most predictions about how variants affect gene expression or cell function are inferred from European datasets, and we don't know which of those predictions hold in South Asians. This limits our ability to understand disease mechanisms and identify drug targets relevant to South Asian populations," said Shweta Ramdas, a geneticist based in Bengaluru.

Genetic traits

Even the well-established measures of disease risk can vary between populations. Genetic traits such as G6PD deficiency, which can cause a type of anaemia, vary considerably across South Asia, with some ethnic groups in Pakistan and Afghanistan carrying the trait at much higher rates than others.

Another study from Sri Lanka found that cardiometabolic risk did not fit into a single metabolic syndrome profile. Even within the same population, men and women showed distinct patterns of obesity, blood sugar, cholesterol and blood pressure.

"Diagnostic thresholds, risk scores and prediction models developed predominantly from European populations should be validated and, where necessary, recalibrated using South Asian data. Locally generated evidence is essential for equitable and accurate health care," said Athula Sumathipala, director, Institute for Research and Development in Health and Social Care, Sri Lanka.

South Asia is not one population

South Asia constitutes one of the most diverse human populations in the world, shaped by thousands of years of migration, cultural diversity, endogamy and consanguineous marriages.

Much of the existing research does not reflect this diversity. South Asians, Southeast Asians, West Asians and other Asian populations are often lumped together, obscuring important differences between them.

India alone illustrates how much diversity can disappear when populations are treated as a single group. The GenomeIndia Project, launched in 2020 to capture the country's genetic diversity and build a reference database for Indian populations, has already identified more than 40 million genetic variants unique to the Indian population.

"South Asia, and India in particular, cannot realistically be treated as one genetic block. We need to include distinct endogamous and tribal groups, not just a few urban cohorts," said Dr. Ramdas. "A lot of these harmful variants aren't seen anywhere else".

Why is the data missing?

Research funding, institutions, registries, biobanks and large population cohorts have historically been built and sustained where the money already was, leaving low- and middle-income countries with inadequate laboratory infrastructure, biobanking facilities and trained personnel to run comparable studies at scale.

"The global health landscape remains deeply unequal. While over 90% of the world's potential years of life lost occurred in low- and middle-income countries (LMICs), only about 10% of global health research funding addressed their health needs," said Dr. Sumathipala. "This imbalance goes beyond money, shaping whose problems are studied, whose questions are prioritised and whose evidence informs health policy and practice".

For most South Asian countries, genomic research can be difficult to prioritise given more immediate and pressing public health needs such as infectious diseases, maternal and child health and non-communicable diseases.

But the region has made strides in the health landscape. Sustained investments in genomics have enabled several large prospective cohorts and population datasets, including GenomeIndia, Phenome India, Longevity India, the Sri Lankan Twin Registry Biobank and the Pakistan Genome Resource. But these independent cohorts and biobanks are mostly focused on individual diseases or specific populations, and often use different systems for collecting and storing data, which makes it difficult to bring them together for large genetic studies. India, for example, has several sizeable cohorts, but no harmonised system yet exists that lets researchers within and across borders work across them easily.

Towards building a beginning

A recent perspective in the *Lancet Regional Health - Southeast Asia*, authored by scientists across India, Pakistan, Bangladesh and Sri Lanka, argues that the region risks being excluded from the genomic revolution unless it builds an infrastructure itself. The authors propose building greater regional collaboration between existing biobanks and cohorts, while ensuring that South Asian researchers and institutions retain a meaningful role in how their data are used.

They propose to build a system in which existing datasets can speak to each other, populations that have historically been overlooked can be included, and the researchers generating the data can share in the scientific benefits.

This is vital because if the underlying data continues to stay skewed, the AI models and clinical tools built on top of it will reproduce and repeat those biases – only at a much larger scale.

"It may be late but still not too late," said Dr. Sumathipala.

(Rupsy Khurana is science communication and outreach lead at the National Centre for Biological Science, Bengaluru. khurana.rupsy@gmail.com)

"Diagnostic thresholds, risk scores and prediction models developed predominantly from European populations should be validated and, where necessary, recalibrated using South Asian data

ATHULA SUMATHIPALA
Director, Institute for Research and Development in Health and Social Care, Sri Lanka

ILLUSTRATION: SAAI

THE GIST

South Asia constitutes one of the most diverse human populations in the world, shaped by thousands of years of migration, cultural diversity, endogamy and consanguineous marriages. Much of the existing research does not reflect this diversity. South Asians, Southeast Asians, West Asians and other Asian populations are often lumped together, obscuring important differences between them

The data points are more than just statistics. South Asians face higher rates of type 2 diabetes, cardiovascular disease and asthma than people of European ancestry, which means the tools built on European-heavy data are less accurate for the population that needs them most

But the region has made strides in the health landscape. Sustained investments in genomics have enabled several large prospective cohorts and population datasets, including GenomeIndia, Phenome India, Longevity India, the Sri Lankan Twin Registry Biobank and the Pakistan Genome Resource

Static Dimensions & Policy Perspectives for UPSC

- **Key Indigenous Initiatives:**
  - **GenomeIndia Project:** Led by the Department of Biotechnology (DBT) to sequence 10,000 Indian genomes and create a representative reference database.
  - **Phenome India & Longevity India:** Cohort initiatives monitoring phenotype-genotype links and aging dynamics.
  - **Regional Projects:** Pakistan Genome Resource, Sri Lankan Twin Registry Biobank.
- **Ethical, Data, & Governance Challenges:**

- **Data Harmonization:** Lack of standardized protocols across regional biobanks prevents multi-country data integration.
- **Bio-colonialism & Data Sovereignty:** Ensuring South Asian researchers retain governance over indigenous data when collaborating with global AI platforms.
- **Right to Health (Article 21):** Lack of representative genomic data violates equitable access to modern healthcare advancements.

Conclusion

To avoid exclusion from the precision medicine revolution, South Asian nations must strengthen cross-border biobank harmonization, invest in robust data infrastructure, and build unified regional bio-repositories. Establishing localized, representative genetic databases is crucial for accurate healthcare tools, disease prevention, and health equity across the region.

UPSC Prelims Exam Study Questions

Question: With reference to Genome-Wide Association Studies (GWAS), consider the following statements:

1. GWAS are used to identify associations between genetic variations and particular traits or diseases.

2. GWAS necessarily establish that a particular genetic variant directly causes a disease.

3. The usefulness of GWAS-derived risk estimates may vary across populations depending on the genetic diversity and representation of those populations.

Which of the statements given above are correct?

A. 1 and 3 only

B. 1 and 2 only

C. 2 and 3 only

D. 1, 2 and 3

Ans: A)

UPSC Mains Exam Study Questions

Question: "The benefits of precision medicine cannot be equitably realised without representative genomic datasets." Discuss in the context of South Asia.**(10 Marks, 150 Words)**

Page :09 : Editorial Analysis

Centre's fiscal outlook faces geopolitical, revenue risks

Geopolitical headwinds in the background of recently introduced tax changes would shape the Centre's fiscal outlook for 2026-27. Despite pressure on tax revenues and subsidies, strong non-tax receipts and policy interventions may keep fiscal outcomes broadly on track.

C. Rangarajan

Former Chairman, Prime Minister's Economic Advisory Council and former Governor, Reserve Bank of India

D.K. Srivastava

Member, Advisory Council to the Sixteenth Finance Commission and former Director of the Madras School of Economics

Central government finances for 2026-27 may remain close to budgeted levels

Centre's revenue receipts

As per the The Controller General of Accounts (CGA) data, the Centre's gross tax revenues (GTR) grew only by 3.7% in the first quarter of 2026-27. This was the result of subdued revenue performance of personal income tax (PIT) and Goods and Services Tax (GST), both of which were subjected to substantive modifications in 2025-26. In both cases, extensive rate rationalisation was undertaken. In the case of GST, there was a substantive rate reduction. The expectation was that while these reforms would entail an initial revenue sacrifice, subsequent expansion of the tax base would offset the revenue loss over time. PIT revenue growth in 2025-26 was only 0.037%, implying a buoyancy of zero. For the second half of 2025-26, GST revenue growth was 4.67%. The revenue reducing effect of these major tax interventions has continued in 2026-27. PIT shows a growth of 6.8% in the first quarter of 2026-27 while GST revenues showed a contraction of (-)11%.

In the meantime, the Indian economy was beset by the West Asian crisis and its related impact, including high and volatile global crude oil prices and other supply-side uncertainties. As retail fuel prices rose, the government reduced excise duties to ease the burden on consumers. This had a direct bearing on revenue from Union excise duties, which contracted by 22.4% in the first quarter of 2026-27.

In order to make up for the shortfall in revenue receipts, the government initiated some remedial measures. First, a Health Security se National Security (HSNS) Cess was introduced with effect from February 1, 2026 even as the GST Compensation Cess was discontinued. Second, the windfall tax on exports of diesel, petrol and aviation turbine fuel was increased effective August 3, 2026. Third, there was an increase in import duties through increased rates on gold and silver bullion and other specific precious metal articles, sweepings, and clad metals. One additional factor is the likelihood of a higher nominal GDP growth rate as compared to the budgeted growth of 10.04%. We expect the 2026-27 nominal GDP growth to be in the range of 12.5% to 13%. This projection reflects an expected real GDP growth of about 7% together with an Implicit Price Deflator (IPD)-based inflation of 5%-5.5%, consistent with the present trajectories of Consumer Price Index (CPI) and Wholesale Price Index (WPI) inflation at 3.9% and 9.3%, respectively, in the first quarter of 2026-27. We note that even with a higher nominal GDP growth rate, the magnitude of nominal GDP as per the 2022-23 base series is estimated at ₹391 lakh crore. This will be lower than the budgeted level at ₹393 lakh crore. On the whole, we consider that the estimated GTR would be realised or fall short by a small margin. At some suitable time, the reduction in excise duty on fuel prices must be restored.

Transfers to States

In estimating net tax revenue from GTR, a factor of 65%, which was the ratio of net to gross tax revenues in 2025-26 and 2026-27 (BE), can be applied since the Sixteenth Finance Commission (FC16) retained the share of States in the divisible pool of central taxes at 41%. There may be a marginal reduction in the shareable pool due to the introduction of the non-shareable HSNS Cess although some part of the revenues from this cess may go to the States as non-FC grants.

In the first quarter of 2026-27, there was a sharp contraction in tax devolution to the States to the extent of (-)19.5%. In subsequent months, there is an expectation of an increase in the assignment of central tax revenues to the States. Based on the FC16's recommendation, the FC grants for the States are budgeted to contract by an amount of ₹23,556 crore in 2026-27.

The Reserve Bank of India provided major fiscal support in the form of dividends, which were transferred to the Centre in May 2026. As a result, 77% of the budgeted dividends and profits for the full year had already been covered in the first three months. We expect the budgeted amounts for non-tax and non-debt capital receipts to be realised.

The Centre's non-tax revenues contributed 37% of its net revenue receipts in the first quarter of 2026-27. During the quarter, major subsidies had to be increased by 37.4% due to the unexpected rise in global crude oil prices, although the growth in revenue expenditure was contained at 7.4%. The Centre was able to front-load its capital expenditure in the first quarter of 2026-27, which grew by 23.7%, compared with a contraction of (-)23.3% in the fourth quarter of 2025-26.

For the year as a whole, the crisis in West Asia is likely to continue keeping global crude oil prices under pressure. If the major subsidies in the first quarter are extrapolated to estimate the annual subsidy requirement, realised subsidies are expected to exceed the budgeted amount by about ₹50,000 crore.

Debt and deficit

Using first-quarter data, the Centre's fiscal deficit accounted for 18.2% of the annual budgeted magnitude, while the corresponding share of the revenue deficit was 0.4%. The impressive revenue account balance is mainly due to the contribution of non-debt receipts.

Fiscal deficit, calculated as the increment in debt, is estimated at ₹18.16 lakh crore. If this is realised, the fiscal deficit-to-GDP ratio, with respect to the new GDP series, is estimated at 4.6%. Correspondingly, the debt-to-GDP ratio is estimated at 55.8%. This is close to the budgeted level, taking into account the impact of the new GDP series. Some slippage may still occur due to a shortfall in tax revenues, an unbudgeted increase in revenue expenditure arising from additional subsidies, and a slightly higher external debt amid sustained pressure on the Indian rupee. As of now, significant deviations from the budgeted fiscal outcomes appear unlikely. However, an escalation of the war could deliver a major jolt to the economy and central finances.

The views expressed are personal

GS Paper III: Indian Economy

UPSC Mains Exam Practice Questions: "Fiscal consolidation is not merely about reducing the fiscal deficit; it is equally about improving the quality and composition of public expenditure." Discuss in the context of India's fiscal policy.(**10Marks, 150 Words)**

Context : In this op-ed, Dr. C. Rangarajan analyzes India's fiscal trajectory for FY2026-27 amid global geopolitical turbulence and domestic tax reform transitions. The central thesis highlights a delicate balancing act: while Gross Tax Revenues (GTR) face pressure from rate rationalisation and external shocks, strong non-tax receipts (primarily RBI dividends) and disciplined expenditure management are likely to keep the fiscal deficit near the budgeted target of 4.6% of GDP.

Key Dimensions

1. Revenue Dynamics and Tax Reforms

- **Tax Buoyancy & Rate Rationalisation:** The substantive rate reductions in Personal Income Tax (PIT) and GST during 2025-26 were intended to expand the tax base long-term. However, short-term buoyancy remains muted—PIT grew by just 6.8% in Q1 2026-27, while GST contracted by 11%.
- **Remedial Measures:** To counter revenue slippages, the Centre introduced the non-shareable Health Security se National Security (HSNS) Cess, raised windfall taxes on petroleum exports, and increased import duties on precious metals like gold and silver.
- **Fuel Excise Trade-off:** External supply disruptions driven by the West Asian crisis forced excise duty cuts on retail fuel to tame domestic inflation. Restoring these duties remains vital for long-term tax stabilization.

2. State Transfers and Fiscal Federalism

- **Devolution Pressures:** Net tax revenues to States were impacted in Q1 by a 19.5% contraction in tax devolution.
- **16th Finance Commission (FC16) Context:** While FC16 maintained the vertical devolution share at 41%, the introduction of non-shareable cesses (like HSNS) slightly shrinks the divisible pool, though partial offset occurs via non-FC grants.

3. Non-Tax Receipts and Expenditure Management

- **The RBI Dividend Cushion:** A massive dividend transfer from the RBI in May 2026 covered 77% of the annual non-tax and non-debt capital receipt targets within Q1, serving as a primary fiscal shock absorber.
- **Subsidies vs. Capex:** Rising global crude oil prices led to a 37.4% surge in major subsidies in Q1, threatening an annual fiscal overrun of ~₹50,000 crore. However, the Centre maintained quality of expenditure by front-loading capital expenditure (23.7% growth in Q1).

4. Macroeconomic Projections & Deficit Targets

- **Nominal GDP Base Effect:** Nominal GDP growth is expected around 12.5%–13% (7% real growth + 5–5.5% IPD inflation). However, under the updated base series, absolute nominal GDP is estimated at ₹391 lakh crore versus the budgeted ₹393 lakh crore.

- **Fiscal Path:** Despite potential expenditure slippages, the fiscal deficit is projected at ~4.6% of GDP and the debt-to-GDP ratio at 55.8%, keeping the targeted consolidation roadmap broadly intact unless global conditions escalate further.

Static Dimensions

- **Indian Economy & Fiscal Policy:**
  - **Fiscal Deficit & FRBM Targets:** Fiscal consolidation paths, debt-to-GDP sustainability, and structural deficit targets.
  - **Tax Structure & Reforms:** Direct vs. indirect tax buoyancy, GST rationalisation, non-shareable cesses versus the divisible pool, and windfall taxation.
  - **Subsidies & Inflation:** Fuel pricing mechanisms, supply-side shocks, Consumer Price Index (CPI) vs. Wholesale Price Index (WPI), and the Implicit Price Deflator (IPD).
- **Governance & Federalism:**
  - **Centre-State Financial Relations:** Constitutional provisions under Articles 270 and 280, the role of Finance Commissions in horizontal and vertical equity, and the impact of cesses/surcharges on State revenues.

Way Forward & Structural Solutions

- **Restoring Tax Buoyancy:** Broaden the tax base systematically to realize the intended benefits of rate rationalisation without over-relying on temporary cesses.
- **Phased Excise Re-adjustment:** Rebalance Union excise duties on petroleum products as global crude prices stabilize to rebuild revenue buffers.
- **Fiscal Federal Transparency:** Minimize the share of non-shareable cesses to maintain the spirit of cooperative federalism and protect state resources.
- **Subsidy Rationalisation:** Target fertilizer and fuel subsidies through improved direct benefit transfers (DBT) to prevent geopolitical price shocks from derailing capital expenditure.

Conclusion

India’s fiscal outlook for 2026-27 demonstrates structural resilience, underpinned by dynamic non-tax revenue support and proactive capex front-loading. However, long-term fiscal stability requires moving away from emergency revenue levers like cesses toward sustained tax base expansion and predictable intergovernmental transfers. Balancing growth-inducing capital outlay with fiscal consolidation remains essential to safeguarding macroeconomic stability against recurring global headwinds.

Add- 21/B, Om Swati Manor Chs, J.K. Sawant Marg, Opp. Shivaji Natyamandir, Behind Cambridge Showroom, Dadar (West) Mumbai – 400028
Con.- 09820971345, 9619071345, 9223209699
G-mail-lakshyaacademymumbai@gmail.com