



SAMARTHYA IAS · AHMEDABAD

DAILY UPSC COMPANION

Samarthya Current Affairs

Prelims facts · Mains frameworks · Practice MCQs

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Your Complete UPSC Current Affairs Companion

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Reforms in Goods and Services Tax (GST)

WHY IN NEWS

The GST Council held its 57th meeting on October 8, 2026, proposing major process reforms and a 5% GST rate option for electric vehicle passenger transport and rental services.

Story so far:

- **22 September 2026** Indirect Tax Rationalisation and Inflationary Pressures

STORY 1

The Hindu

GST Council introduces major process reforms in its 57th meeting

The GST Council met for the 57th time to unveil several process reforms aimed at overhauling how the indirect tax is administered in India.

The meeting was chaired by Union Finance Minister Nirmala Sitharaman in New Delhi, attended by state finance ministers and senior tax officials.

The meeting marked the 57th session of the GST Council since the tax regime's inception more than nine years ago.

Having resolved major rate-related complications in previous meetings, the Council shifted focus to long-term administrative and process-related reforms as revenues have largely stabilized.

Connects to Article 279A of the Indian Constitution, which establishes the GST Council as a joint forum of the Centre and the States.

STORY 2

Business Standard

GST Council proposes five percent rate for electric vehicle transport services

The GST Council recommended a 5% GST option for passenger transport and rental services utilizing electric vehicles, subject to input tax credit restrictions.

The recommendation was made by the GST Council during its 57th meeting in New Delhi to support the expanding electric mobility sector.

The proposed rate is set at 5% and applies to bundled services where battery charging costs are included in the overall price.

The proposal aims to clarify tax treatments for EV operators, especially where charging costs are bundled with the passenger transport or vehicle rental service.

Connects to India's FAME scheme and broader electric vehicle transition policies aimed at reducing carbon emissions in the transport sector.

UPSC RELEVANCE

This topic tests the candidate's understanding of fiscal federalism, indirect tax administration, and policy measures to promote green mobility.

PRELIMS FACTS

- The GST Council is chaired by the Union Finance Minister and includes representatives from all States and Union Territories.
- The proposed 5% GST rate for EV passenger transport is subject to restrictions on input tax credit (ITC).
- The 57th GST Council meeting focused primarily on process and administrative reforms rather than broad rate revisions.

MAINS FRAMEWORK

Intro: The 57th GST Council meeting marks a transition from rate-setting stabilization to deep administrative and process reforms, alongside targeted incentives for green sectors like electric mobility.

DIMENSIONS

- **Administrative Rationalization:** Shifting focus from frequent rate changes to long-term process reforms to simplify compliance.
- **Promoting Green Technology:** Utilizing targeted tax slabs (5% GST on EV rentals) to incentivize sustainable transport solutions.
- **Cooperative Federalism:** Balancing central revenue objectives with state-level concerns through the consensus-driven GST Council framework.

Way forward: To sustain revenue growth, the GST Council must continue simplifying compliance, resolving input tax credit anomalies, and leveraging technology to prevent tax evasion.

KEY DEFINITIONS

- **GST Council:** A constitutional body established under Article 279A to make recommendations to the Union and State Governments on issues related to Goods and Service Tax.
- **Input Tax Credit:** The tax that a business pays on a purchase and that it can use to reduce its tax liability when it makes a sale.

PYQ LINK

Analyze the primary achievements and challenges of the GST Council since its inception.

MAINS PRACTICE QUESTION

Examine how the recent administrative and process reforms proposed by the GST Council reflect the evolution of indirect tax administration and cooperative federalism in India. (150 words)

ANSWER OUTLINE

INTRODUCTION

The GST Council's transition toward process-driven reforms in its 57th meeting highlights the maturation of India's indirect tax regime after nine years of implementation.

BODY

1. STABILIZATION OF REVENUES:

The shift to administrative reforms indicates that the tax base and revenue collections have achieved structural stability.

2. TARGETED SECTOR SUPPORT:

Proposing a 5% GST rate for EV passenger transport demonstrates the strategic use of taxation to support green mobility.

3. COMPLIANCE SIMPLIFICATION:

Focusing on process overhauls reduces the compliance burden on businesses, fostering an environment of ease of doing business.

4. CONSENSUS-BASED DECISION MAKING:

The joint resolution of administrative issues by the Centre and States reinforces the strength of cooperative federalism.

CONCLUSION

By prioritizing administrative efficiency and sector-specific rationalization, the GST Council is paving the way for a more resilient and business-friendly tax ecosystem.

KEY TERMS

GST Council

Input Tax Credit

Fiscal Federalism

Indirect Taxation

Electric Mobility

ACTS & ARTICLES

Article 279A of the Constitution of India

The Central Goods and Services Tax Act, 2017

02

GS-3 · ECONOMY

Global Action Against Structural Excess Capacity

WHY IN NEWS

India joined the United States and 13 other economies in signing a joint ministerial statement in October 2026 to address structural excess manufacturing capacity that distorts global markets.

STORY 1

Mint

India and fourteen global economies sign pact to tackle manufacturing excess capacity

The statement was released by the Office of the US Trade Representative following G20 Trade Ministers' discussions in Milwaukee, Wisconsin.

A total of 15 signatories, including India, the US, and the EU, backed the joint call to eliminate market-distorting industrial practices.

Structural excess capacity occurs when an economy's production capacity consistently exceeds global demand, often driven by government interventions that concentrate manufacturing in specific

markets.

Connects to World Trade Organization (WTO) rules on industrial subsidies, countervailing duties, and fair trade practices under global trade agreements.

STORY 2 Business Standard

Fourteen nations call for dedicated sectoral platforms to curb industrial overproduction

India and 13 other nations called for global action to eliminate structural excess capacity by establishing new, dedicated sectoral platforms to address market distortions.

The joint statement was issued on the sidelines of the Organisation for Economic Co-operation and Development (OECD) Trade Committee deliberations in Washington.

Major G20 members including China, Brazil, Indonesia, Russia, Saudi Arabia, and South Africa did not sign the joint statement.

The signatories argue that non-market policies and structural overproduction hurt domestic industries, discourage market-based investments, and widen global supply-demand imbalances.

Connects to the concept of protectionism, tariff barriers, and the role of the OECD in coordinating international economic policies.

UPSC RELEVANCE

This topic relates to global trade dynamics, international economic relations, and the impact of non-market policies on domestic manufacturing and trade competitiveness.

PRELIMS FACTS

- The joint statement on structural excess capacity was signed by 15 economies, including India, the US, Germany, and Japan.
- Major G20 members such as China, Brazil, Russia, and South Africa did not sign the joint statement.
- The statement was initiated following discussions at the G20 Trade Ministerial held in Milwaukee, Wisconsin.

MAINS FRAMEWORK

Intro: India's alignment with 14 major economies to address global structural excess capacity highlights growing concerns over non-market policies that distort international trade and threaten domestic manufacturing.

DIMENSIONS

- **Impact on Domestic Industry:** Cheap imports from economies with excess capacity undercut domestic manufacturers, threatening initiatives like 'Make in India'.
- **Geopolitical Trade Alignments:** The exclusion of countries like China and Russia from the pact reflects deepening divisions in global trade governance.

- **Multilateral Reform:** The call for dedicated sectoral platforms highlights the perceived inadequacy of existing WTO mechanisms to address modern subsidy regimes.

Way forward: India must balance its participation in global anti-distortion pacts with robust domestic manufacturing support, utilizing trade remedial measures like anti-dumping duties within WTO norms.

KEY DEFINITIONS

- **Structural Excess Capacity:** A situation where an economy's capacity to produce goods consistently remains higher than global demand, often driven by government subsidies or interventions.
- **Non-market Policies:** Government interventions, subsidies, or regulations that distort free-market competition and resource allocation in favor of domestic industries.

PYQ LINK

Discuss the impact of global trade wars and protectionist policies on India's export-led growth.

MAINS PRACTICE QUESTION

Critically analyze the economic implications of global structural excess capacity on India's domestic manufacturing sector. What strategies should India adopt to protect its industries? (250 words)

ANSWER OUTLINE

INTRODUCTION

Structural excess capacity, driven by non-market interventions in major manufacturing nations, poses a severe threat to global trade stability and India's domestic industrial growth.

BODY

1. MARKET DISTORTIONS:

Unregulated overproduction leads to the dumping of cheap goods, undercutting Indian manufacturers in critical sectors like steel and electronics.

2. INVESTMENT DISCOURAGEMENT:

Artificial price suppression discourages private capital investment in domestic manufacturing due to unviable profit margins.

3. STRATEGIC ALIGNMENTS:

Joining the 15-nation pact allows India to collaborate on information sharing and develop coordinated defensive trade responses.

4. EXCLUSION OF KEY PLAYERS:

The absence of major producers like China from the pact limits its immediate effectiveness, requiring India to maintain strong unilateral trade remedies.

CONCLUSION

While participating in multilateral initiatives to curb market distortions, India must strengthen its domestic trade defense mechanisms, such as anti-dumping and countervailing duties, to safeguard its industrial base.

KEY TERMS

Structural Excess Capacity

Non-market Policies

G20 Trade Ministers

OECD

Market Distortions

03

GS-2 · HEALTH

Youth-Led Tuberculosis Elimination Drive

WHY IN NEWS

Union Health Minister J.P. Nadda launched the JOSH (Joint Squad for Health) teams on October 8, 2026, to accelerate youth-led community action for tuberculosis elimination.

STORY 1

PIB

Government launches JOSH teams to accelerate youth-led community action against tuberculosis

The Union Health Ministry launched JOSH (Joint Squad for Health) teams to engage youth volunteers in finding missing tuberculosis cases and raising community awareness.

The initiative was launched by Union Health Minister J.P. Nadda at a national event held at Bharat Mandapam, New Delhi.

India has recorded a 21% decline in TB incidence, treatment coverage has reached 92%, and 67,933 Panchayats across 697 districts were recognized as TB Mukta in 2026.

The JOSH teams, comprising NCC cadets and MY Bharat volunteers, will conduct household-level outreach in 55 districts across 11 States and Union Territories in the first phase.

Connects to the National Strategic Plan for TB Elimination and the Sustainable Development Goal (SDG) 3.3 of ending the TB epidemic by 2030.

UPSC RELEVANCE

This topic relates to social justice, public health interventions, government schemes for vulnerable populations, and the role of civil society and youth in governance.

PRELIMS FACTS

- India has recorded a 21% decline in tuberculosis incidence as of 2026.
- The JOSH teams initiative is being implemented jointly by the Ministries of Health, Youth Affairs and Sports, and Defence.
- In 2026, 67,933 Panchayats across 697 districts in India have been recognized as 'TB Mukta'.

MAINS FRAMEWORK

Intro: The launch of JOSH teams under the TB Mukht Bharat Abhiyaan represents a paradigm shift from a conventional clinical health program to a youth-led, community-driven public health movement.

DIMENSIONS

- **Community-Led Surveillance:** Utilizing grassroots youth networks (NCC and MY Bharat) to bridge the gap in active case finding.
- **Stigma Reduction:** Leveraging youth volunteers to conduct household-level awareness, thereby reducing social stigma associated with TB.
- **Inter-Ministerial Collaboration:** Demonstrating effective governance through joint implementation by Health, Youth Affairs, and Defence ministries.

Way forward: To achieve complete elimination, the JOSH model must be scaled nationwide, backed by robust digital tracking tools and sustained nutritional support for patients.

KEY DEFINITIONS

- **JOSH Teams:** Joint Squad for Health teams comprising NCC cadets and MY Bharat volunteers deployed for household-level outreach to identify missing TB cases.
- **TB Mukht Bharat Abhiyaan:** A national campaign launched by the Government of India to eliminate tuberculosis through community participation, early detection, and treatment support.

PYQ LINK

Discuss the challenges and opportunities in India's public health sector with special reference to infectious disease control programs.

MAINS PRACTICE QUESTION

Evaluate the role of youth-led community participation in achieving India's target of eliminating tuberculosis. How do initiatives like JOSH teams strengthen grassroots healthcare delivery? (150 words)

ANSWER OUTLINE

INTRODUCTION

Youth-led initiatives like the JOSH (Joint Squad for Health) teams are vital to transforming India's tuberculosis elimination drive into a decentralized, community-owned movement.

BODY

1. ACTIVE CASE FINDING:

Engaging NCC and MY Bharat volunteers helps identify 'missing' TB cases at the household level in 55 districts during the first phase.

2. ENHANCING TREATMENT ADHERENCE:

Youth squads provide localized support, encouraging patients to complete their treatment regimens and reducing default rates.

3. GRASSROOTS AWARENESS:

Direct community outreach by local youth effectively counters deep-seated social stigma and promotes early testing.

4. DECENTRALIZED GOVERNANCE:

Empowering 67,933 Panchayats as 'TB Mukht' fosters local accountability and strengthens rural health infrastructure.

CONCLUSION

Harnessing youth energy through structured programs like JOSH is essential to bridge the last-mile delivery gap in India's public health system and achieve the goal of a TB-free nation.

KEY TERMS

Tuberculosis Elimination

JOSH Teams

TB Mukht Bharat Abhiyaan

National Cadet Corps

MY Bharat

ACTS & ARTICLES

Article 47 of the Constitution of India (Duty of the State to raise the level of nutrition and the standard of living and to improve public health)

04

GS-3 · ECONOMY

Fiscal Reforms in Mineral Taxation

WHY IN NEWS

The Mines and Minerals (Development and Regulation) Amendment Act, 2026 was highlighted in August 2026 to establish a uniform fiscal framework by restricting state-level taxes on mineral rights.

Story so far:

- **30 September 2026** Federal Governance, Resource Allocation, and Mining Law Protests

STORY 1

PIB

MMDR Amendment Act 2026 establishes uniform fiscal framework for mineral sector

The MMDR Amendment Act, 2026 was enacted to restrict State Governments from levying fresh taxes on mineral rights and mineral-bearing lands outside Central guidelines.

The legislation amends the principal Mines and Minerals (Development and Regulation) Act, 1957, which regulates the mining sector across all Indian states.

The amendment aims to bring uniformity to mineral taxation to prevent varying state-level levies from eroding the viability of domestic mining.

Unregulated state levies have raised costs across industries, prompting the Centre to step in to protect critical mineral supply chains and ensure national energy security.

Connects to Seventh Schedule of the Indian Constitution, specifically Entry 54 of the Union List and Entry 23 of the State List regarding mineral regulation.

UPSC RELEVANCE

This topic tests the candidate's understanding of federal relations, resource mobilization, mineral policy, and the constitutional division of taxation powers between the Centre and States.

PRELIMS FACTS

- The MMDR Amendment Act, 2026 restricts State Governments from levying fresh taxes on mineral rights except under conditions prescribed by the Centre.
- Mining in India is primarily regulated under the principal Mines and Minerals (Development and Regulation) Act, 1957.
- The amendment aims to bring predictability and uniformity to the taxation of minerals to protect the viability of the domestic mining sector.

MAINS FRAMEWORK

Intro: The MMDR Amendment Act, 2026 introduces a centralized fiscal framework for mineral taxation, aiming to balance the revenue needs of mineral-rich states with the national objective of industrial competitiveness and energy security.

DIMENSIONS

- **Federal Balance:** Restricting states' power to levy independent taxes on mineral rights raises critical questions about state fiscal autonomy.
- **Industrial Viability:** Uniform taxation prevents cascading costs in key downstream sectors like steel, cement, power, and electronics.
- **Strategic Resource Management:** Ensuring a stable domestic supply of critical minerals to shield India's economy from global supply chain shocks.

Way forward: The Centre must collaborate with states to ensure that the restriction on independent levies is compensated by fair royalty sharing and robust funding through District Mineral Foundations.

KEY DEFINITIONS

- **Mineral Rights:** The legal right to exploit, mine, or produce minerals from a specific tract of land.
- **District Mineral Foundation (DMF):** A non-profit trust set up in mining-affected districts to work for the interest and benefit of persons and areas affected by mining-related operations.

MAINS PRACTICE QUESTION

Critically analyze the impact of the MMDR Amendment Act, 2026 on the fiscal autonomy of states and the overall competitiveness of India's mining sector. (250 words)

ANSWER OUTLINE

INTRODUCTION

The MMDR Amendment Act, 2026 represents a significant shift in India's resource governance by establishing a uniform, centrally-regulated fiscal framework for mineral taxation.

BODY

1. STATE FISCAL AUTONOMY:

By restricting states from levying fresh taxes on mineral rights, the Act limits the independent revenue-raising capacity of mineral-rich states.

2. **COST RATIONALIZATION:**

Uniform taxation prevents varying and unregulated state levies, reducing input costs for vital sectors like steel, cement, and energy.

3. **INVESTMENT PREDICTABILITY:**

A standardized tax regime enhances ease of doing business, attracting domestic and foreign capital into the capital-intensive mining sector.

4. **RESOURCE SECURITY:**

Standardizing the fiscal regime helps secure critical mineral supply chains, which are essential for national security and clean energy transitions.

CONCLUSION

While the Act enhances industrial competitiveness and national resource security, a cooperative federal mechanism is needed to ensure states do not face disproportionate revenue losses.

KEY TERMS

MMDR Amendment Act

Mineral Rights

Fiscal Federalism

Critical Minerals

Energy Security

ACTS & ARTICLES

Mines and Minerals (Development and Regulation) Act, 1957

Article 246 and the Seventh Schedule of the Constitution

05

GS-2 · HEALTH

Trade Margin Cap on Non-Scheduled Cancer Drugs

WHY IN NEWS

The Union government decided on October 8, 2026, to cap trade margins on all non-scheduled anti-cancer drugs at 30% of the retail price to reduce out-of-pocket expenditure.

STORY 1

The Hindu

Government caps trade margins on non-scheduled cancer drugs to thirty percent

The Union government decided to cap trade margins on all non-scheduled anti-cancer drugs to make cancer treatment more affordable for patients.

The decision was announced in New Delhi, with an expert committee under the Directorate General of Health Services tasked with finalizing the drug list.

The trade margin is capped at 30% of the MRP, down from average mark-ups of 170% (reaching 700% in some cases), saving patients ₹2,500 crore annually.

The measure covers branded, generic, domestically manufactured, imported, patented, and non-patented anti-cancer products to ensure comprehensive relief.

Connects to the National Pharmaceutical Pricing Authority (NPPA) and the Drug Prices Control Order (DPCO) issued under the Essential Commodities Act, 1955.

UPSC RELEVANCE

This topic relates to government interventions in the health sector, affordable healthcare, regulatory bodies like NPPA, and measures to reduce out-of-pocket expenditure.

PRELIMS FACTS

- The trade margin cap on non-scheduled anti-cancer drugs is set at 30% of the Maximum Retail Price (MRP).
- The policy is expected to result in cumulative annual savings of ₹2,500 crore for cancer patients.
- The expert committee under the Directorate General of Health Services (DGHS) is responsible for finalizing the list of covered medicines.

MAINS FRAMEWORK

Intro: The Union government's decision to cap trade margins on non-scheduled cancer drugs at 30% is a critical intervention to address the high cost of oncology care and reduce catastrophic out-of-pocket health expenditure.

DIMENSIONS

- **Healthcare Affordability:** Slashing retail prices by up to 70% directly benefits vulnerable patients facing high treatment costs.
- **Market Regulation:** Addressing market failures where trade mark-ups reached up to 700% due to asymmetric information and lack of competition.
- **Universal Health Coverage:** Aligning drug pricing policies with the broader goal of providing equitable and accessible healthcare to all citizens.

Way forward: The government must ensure strict enforcement of the cap through the NPPA, expand the National List of Essential Medicines, and promote domestic manufacturing of active pharmaceutical ingredients (APIs).

KEY DEFINITIONS

- **Trade Margin:** The difference between the price at which a manufacturer sells a drug to a distributor/retailer and the final maximum retail price (MRP) paid by the consumer.
- **Non-scheduled Drugs:** Medicines that are not included in the National List of Essential Medicines (NLEM) and are not subject to direct price ceilings by the government.

PYQ LINK

Explain the role of the National Pharmaceutical Pricing Authority (NPPA) in ensuring the availability of essential medicines at affordable prices.

MAINS PRACTICE QUESTION

Capping trade margins on non-scheduled life-saving drugs is a necessary step toward affordable healthcare, but it must be balanced with industry viability. Discuss. (150 words)

ANSWER OUTLINE

INTRODUCTION

Capping trade margins on non-scheduled anti-cancer drugs at 30% of MRP is a landmark welfare measure that significantly lowers the financial burden on patients.

BODY

1. REDUCING OUT-OF-POCKET COST:

The cap will reduce prices of critical oncology drugs by up to 70%, saving patients an estimated ₹2,500 crore annually.

2. CORRECTING MARKET ANOMALIES:

It directly targets excessive trade mark-ups, which previously averaged 170% and peaked at 700% in some cases.

3. COMPREHENSIVE COVERAGE:

By including patented, generic, and imported drugs, the policy ensures that advanced therapies also become accessible.

4. BALANCING INDUSTRY INTERESTS:

While protecting consumers, a 30% margin still allows reasonable returns for distributors, preventing supply disruptions.

CONCLUSION

To sustain this reform, the government must complement price controls with measures that encourage domestic R&D and streamline supply chains for critical medicines.

KEY TERMS

Trade Margin

Non-scheduled Drugs

National Pharmaceutical Pricing Authority

Out-of-pocket Expenditure

Affordable Healthcare

ACTS & ARTICLES

Essential Commodities Act, 1955

Drug Prices Control Order (DPCO), 2013

06

GS-3 · ENVIRONMENT

Strategy for Environmental Economic Accounts in India

WHY IN NEWS

The Ministry of Statistics and Programme Implementation (MoSPI) released its Strategy for Environmental Economic Accounts in India 2026–2030 on October 7, 2026.

MoSPI releases five-year strategy to measure India's natural wealth and ecosystems

The Ministry of Statistics and Programme Implementation released a five-year roadmap to measure India's natural resources and ecosystem services alongside conventional economic indicators.

The strategy document was released by MoSPI in New Delhi, succeeding the previous 2022-2026 strategy framework.

The 2026-2030 strategy prioritizes 10 areas, including forests, water, soil, minerals, carbon stock, and biodiversity, to evaluate 40 global indicators across 9 SDGs.

The strategy aligns with the UN's System of Environmental-Economic Accounting (SEEA) and the updated System of National Accounts (SNA) 2025 to correct growth-first policymaking.

Connects to the concept of Green GDP, environmental accounting, and India's commitments under the United Nations Sustainable Development Goals.

UPSC RELEVANCE

This topic relates to sustainable development, environmental accounting, green GDP, and the integration of ecological health with national economic planning.

PRELIMS FACTS

- The Strategy for Environmental Economic Accounts in India 2026–2030 was released by the Ministry of Statistics and Programme Implementation (MoSPI).
- The roadmap helps evaluate around 40 global indicators across nine Sustainable Development Goals (SDGs).
- The strategy is aligned with the UN's System of Environmental-Economic Accounting (SEEA) and the System of National Accounts (SNA) 2025.

MAINS FRAMEWORK

Intro: MoSPI's Strategy for Environmental Economic Accounts in India 2026–2030 marks a vital shift toward 'Green Accounting', integrating ecological capital into national economic planning to ensure sustainable development.

DIMENSIONS

- **Correcting Growth-First Policymaking:** Moving beyond GDP to account for resource depletion, soil degradation, and carbon loss.
- **Global Alignment:** Implementing the UN's SEEA framework to enhance India's credibility in international climate and sustainability forums.
- **Evidence-Based Policy:** Providing precise data on water, forests, and pollination services to guide agricultural and industrial planning.

Way forward: India must build institutional capacity across states to collect high-quality environmental data and legally mandate the integration of green accounts into annual budget exercises.

KEY DEFINITIONS

- **System of Environmental-Economic Accounting (SEEA):** An international statistical framework that integrates environmental and economic data to provide a comprehensive view of the relationships between the economy and the environment.
- **Ecosystem Services:** The direct and indirect contributions of ecosystems to human well-being, including provisioning, regulating, cultural, and supporting services.

PYQ LINK

Discuss the concept of Green Grid Initiative and its relevance to sustainable development in India.

MAINS PRACTICE QUESTION

Discuss the significance of the Strategy for Environmental Economic Accounts (2026–2030) in transitioning India toward a green economy. What are the challenges in implementing green accounting? (250 words)

ANSWER OUTLINE

INTRODUCTION

The Strategy for Environmental Economic Accounts (2026–2030) provides a robust framework to measure India's natural capital, ensuring that economic growth does not come at the cost of ecological degradation.

BODY

1. HOLISTIC ECONOMIC ASSESSMENT:

By measuring forests, carbon stocks, and water, the strategy enables the calculation of a realistic 'Green GDP'.

2. SDG MONITORING:

The framework directly tracks 40 global indicators across nine Sustainable Development Goals, improving India's global sustainability reporting.

3. INFORMED RESOURCE ALLOCATION:

Detailed accounts of soil and pollination services help design targeted agricultural policies and conserve vital ecosystems.

4. ADDRESSING DATA GAPS:

The strategy prioritizes 10 key areas to standardize environmental statistics, reducing reliance on ad-hoc ecological assessments.

CONCLUSION

Transitioning to environmental accounting is essential for sustainable development, but its success depends on capacity building, inter-ministerial coordination, and integrating these metrics into core fiscal policies.

KEY TERMS

Environmental Economic Accounts

System of National Accounts

Green GDP

Sustainable Development Goals

07

GS-3 · ECONOMY

SME Growth Fund for MSME Equity Support

WHY IN NEWS

The Union Cabinet approved the establishment of a ₹10,000 crore SME Growth Fund (SGF) on October 6, 2026, to provide equity capital to small and medium enterprises.

STORY 1

Mint

Union Cabinet approves ten thousand crore SME Growth Fund for equity investments

The Union Cabinet approved the creation of the SME Growth Fund to support small and medium enterprises through direct equity investments.

The fund will be jointly administered by the Ministry of Finance and the Ministry of Micro, Small and Medium Enterprises (MSMEs) across India.

The fund has a corpus of ₹10,000 crore and will operate as an Alternative Investment Fund (AIF) targeting manufacturing SMEs in tier II and tier III cities.

MSMEs in India have traditionally relied heavily on bank debt; the SGF aims to plug the equity funding gap to help these firms scale up and integrate into global value chains.

Connects to the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, and SEBI regulations governing Alternative Investment Funds (AIFs).

UPSC RELEVANCE

This topic relates to the growth of MSMEs, industrial policy, financial inclusion, alternative investment mechanisms, and strategies to boost domestic manufacturing.

PRELIMS FACTS

- The SME Growth Fund (SGF) has an approved corpus of ₹10,000 crore.
- The fund is structured to operate as an Alternative Investment Fund (AIF) under SEBI guidelines.
- SGF is designed to provide direct equity investments, specifically targeting manufacturing SMEs in tier II and tier III cities.

MAINS FRAMEWORK

Intro: The approval of the ₹10,000 crore SME Growth Fund (SGF) marks a strategic shift from debt-based financing to equity support for India's MSME sector, enabling them to scale up and compete globally.

DIMENSIONS

- **Plugging the Equity Gap:** Addressing the historical challenge where small businesses struggle to secure risk capital due to collateral requirements.
- **Regional Development:** Prioritizing manufacturing units in tier II and tier III cities to promote balanced regional economic growth.
- **Global Integration:** Providing the financial muscle required for technology adoption, capacity expansion, and integration into global value chains.

Way forward: The fund must ensure transparent, professional management under the AIF framework, minimizing bureaucratic delays to ensure timely capital deployment.

KEY DEFINITIONS

- **Alternative Investment Fund (AIF):** A privately pooled investment vehicle established in India that collects funds from sophisticated investors for investing in accordance with a defined investment policy.
- **Equity Capital:** Funds raised by a business in exchange for an ownership interest in the company, rather than through borrowing.

MAINS PRACTICE QUESTION

Analyze how the ₹10,000 crore SME Growth Fund can address the structural challenges of MSME financing in India. (150 words)

ANSWER OUTLINE

INTRODUCTION

The SME Growth Fund (SGF) is a timely intervention designed to address the critical shortage of equity capital that hinders the scaling up of India's MSMEs.

BODY

1. REDUCING DEBT DEPENDENCE:

By providing equity rather than loans, the fund helps MSMEs expand without the burden of high interest payments.

2. FOSTERING INNOVATION:

Access to risk capital allows small businesses to invest in modern technology, R&D, and sustainable manufacturing processes.

3. TARGETING TIER II & III CITIES:

Focusing on smaller cities ensures that industrial growth is decentralized and generates localized employment.

4. ENHANCING GLOBAL COMPETITIVENESS:

Equity backing enables SMEs to scale operations, meet international quality standards, and join global supply chains.

CONCLUSION

The SGF is a vital step toward transforming India's MSMEs from survival-driven entities into globally competitive manufacturing hubs.

KEY TERMS

SME Growth Fund

Alternative Investment Fund

Equity Capital

MSME Sector

Global Value Chains

ACTS & ARTICLES

Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012

EDITORIAL OF THE DAY

Monetary Policy and the Challenge of Supply-Side Inflation — The Hindu: Adequate response: on the RBI and inflation

The author argues that while the RBI's 25 bps repo rate hike is a necessary signal to curb demand and anchor inflation expectations, monetary policy alone cannot tackle supply-side inflation driven by high oil and food prices without central fiscal assistance.

KEY ARGUMENTS

- The RBI raised interest rates by 25 bps as retail inflation is projected to rise to 6% in Q3 before easing to 5.7% in Q4.
- Global oil prices crossing \$100 a barrel and a deficient monsoon are driving supply-side inflation, which cannot be fully resolved by interest rate hikes alone.
- The rate hike serves as an important signal to prevent second-round effects and anchor long-term inflation expectations.

THE OTHER SIDE

- Aggressive rate hikes could dampen economic growth and increase borrowing costs for businesses when global growth is already slowing.
- Holding back fuel price pass-throughs by oil marketing companies shields consumers but creates severe fiscal pressures on these companies.

Way forward: The government must complement the RBI's monetary tightening with active supply-side interventions, such as managing food stocks and fiscal measures on fuel, to effectively curb inflation.

Use it in: GS-3: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Mains practice question: Critically analyze the limitations of monetary policy in controlling supply-side inflation in India, and suggest fiscal measures required to complement the central bank's actions. (250 words)

PRELIMS IN FOCUS

ORGANISATION National Commission for Allied and Healthcare Professions (NCAHP)

- Established under the National Commission for Allied and Healthcare Professions Act, 2021.
- Notified regulations in October 2026 for autonomous boards and a central assessment committee.
- Introduced digital registration with Unique Identification numbers and QR-coded certificates for professionals.

SCHEME Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme

- Extended by the Department of Commerce up to December 31, 2026.
- Refunds embedded, un-rebated Central, State, and local duties, taxes, and levies borne on exported products.
- Available for exports made by DTA units, Advance Authorisation holders, SEZ units, and EOUs.

SCHEME Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY)

- Launched on September 17, 2015, to provide for the welfare of mining-affected areas and people.
- Implemented by District Mineral Foundations (DMFs) using statutory contributions from mining lease holders.
- Revised guidelines for the scheme were issued in January 2024 to update the project execution framework.

TECHNOLOGY Project VeerAI

- A joint project between the Technology Development Board (TDB) and BigEndian Semiconductors with ₹130 crore RDI support.
- Aims to develop an indigenous, secure camera-focused AI Vision System-on-Chip (SoC) on a sovereign platform.
- Designed to advance secure semiconductor technology from Technology Readiness Level 5 (TRL-5) to TRL-9.

SCHEME Electronics Component Manufacturing Scheme (ECMS)

- Designed to deepen India's electronics ecosystem by supporting domestic manufacturing of components and sub-assemblies.
- Aims to reduce import dependence on critical components like printed circuit boards, camera modules, and lithium-ion cells.
- Supports capital goods and supply-chain products to increase domestic value addition in electronics.

Practice MCQs (UPSC Prelims)

Attempt these questions on your own first. Answers and explanations are online — see the link below.

ECONOMY

Reforms in Goods and Services Tax (GST)

GST Council proposes five percent rate for electric vehicle transport services

Q1. With reference to the recommendations of the 57th GST Council meeting, consider the following statements: 1. The Council proposed a 5% GST rate for passenger transport and rental services using electric vehicles. 2. This 5% GST rate option is subject to restrictions on input tax credit (ITC). Which of the statements given above is/are correct?

- A. 1 only
- B. 2 only
- C. Both 1 and 2
- D. Neither 1 nor 2

ECONOMY

Global Action Against Structural Excess Capacity

India, 13 nations call for global action to curb excess industrial capacity

Q2. Which of the following G20 member countries did NOT sign the joint ministerial statement on addressing structural excess industrial capacity in October 2026?

- A. India
- B. Australia
- C. China
- D. Germany

HEALTH

Youth-Led Tuberculosis Elimination Drive

Government launches JOSH teams to accelerate youth-led community action against tuberculosis

Q3. With reference to the JOSH (Joint Squad for Health) teams launched under the TB Mukht Bharat Abhiyaan, consider the following statements: 1. The teams comprise NCC cadets and MY Bharat volunteers. 2. Each team functions under a designated Class-I officer. Which of the statements given above is/are correct?

- A. 1 only
- B. 2 only
- C. Both 1 and 2
- D. Neither 1 nor 2

ECONOMY

Fiscal Reforms in Mineral Taxation

MMDR Amendment Act 2026 establishes uniform fiscal framework for mineral sector

Q4. The Mines and Minerals (Development and Regulation) Amendment Act, 2026 primarily aims to address which of the following issues?

- A. Complete nationalization of all private mining leases
- B. Restricting State Governments from levying fresh taxes on mineral rights outside Central guidelines

C. Transferring all mineral revenues directly to the Panchayats

D. Banning the export of all critical minerals from India

HEALTH Trade Margin Cap on Non-Scheduled Cancer Drugs

Government caps trade margins on non-scheduled cancer drugs to thirty percent

Q5. With reference to the Union government's decision on non-scheduled anti-cancer drugs, consider the following statements: 1. The trade margin on these drugs has been capped at 30% of the Maximum Retail Price (MRP). 2. The cap applies only to domestically manufactured generic drugs, excluding patented or imported medicines. Which of the statements given above is/are correct?

A. 1 only

B. 2 only

C. Both 1 and 2

D. Neither 1 nor 2

ENVIRONMENT Strategy for Environmental Economic Accounts in India

MoSPI releases five-year strategy to measure India's natural wealth and ecosystems

Q6. The 'Strategy for Environmental Economic Accounts in India 2026–2030' released by MoSPI is aligned with which of the following international standards?

A. UN System of Environmental-Economic Accounting (SEEA)

B. World Bank Green Accounting Protocol

C. UNEP Green Economy Index

D. IMF Ecological Balance Framework

ECONOMY SME Growth Fund for MSME Equity Support

Union Cabinet approves ten thousand crore SME Growth Fund for equity investments

Q7. With reference to the SME Growth Fund (SGF) approved by the Union Cabinet in October 2026, consider the following statements: 1. It has a total approved corpus of ₹10,000 crore. 2. It is designed to operate as an Alternative Investment Fund (AIF) providing equity capital. Which of the statements given above is/are correct?

A. 1 only

B. 2 only

C. Both 1 and 2

D. Neither 1 nor 2

Answers and explanations

Attempt these questions on today's edition page to see your score with the answer and explanation for every question:

samarthyaiaas.com/current-affairs/2026-10-09#practice-mcqs

TOPIC 04 · FISCAL REFORMS IN MINERAL TAXATION

UPSC Prelims 2025

6. Consider the following statements :

- I. India has joined the Minerals Security Partnership as a member.
- II. India is a resource-rich country in all the 30 critical minerals that it has identified.
- III. The Parliament, in 2023, has amended the Mines and Minerals (Development and Regulation) Act, 1957 empowering the Central Government to exclusively auction mining lease and composite license for certain critical minerals.

Which of the statements given above are correct?

- A)** I and II only
- B)** II and III only
- C)** I and III only
- D)** I, II and III

UPSC Prelims 2019

With reference to the management of minor minerals in India, consider the following statements :

- 1. Sand is a 'minor mineral' according to the prevailing law in the country.
- 2. State Governments have the power to grant mining leases of minor minerals, but the powers regarding the formation of rules related to the grant of minor minerals lie with the Central Government.
- 3. State Governments have the power to frame rules to prevent illegal mining of minor minerals.

Which of the statements given above is/are correct?

- A)** 1 and 3 only
- B)** 2 and 3 only
- C)** 3 only
- D)** 1, 2 and 3

TOPIC 07 · SME GROWTH FUND FOR MSME EQUITY SUPPORT

UPSC Prelims 2025

1. With reference to investments, consider the following :

- I. Bonds
- II. Hedge Funds
- III. Stocks
- IV. Venture Capital

How many of the above are treated as Alternative Investment Funds?

- A)** Only one
- B)** Only two
- C)** Only three
- D)** All the four

UPSC Prelims 2023

Consider the following statements with reference to India :

- 1. According to the 'Micro, Small and Medium Enterprises Development (MSMED) Act, 2006', the 'medium enterprises' are those with investments in plant and machinery between ₹15 crore and ₹25 crore.
- 2. All bank loans to the Micro, Small and Medium Enterprises qualify under the priority sector.

Which of the statements given above is/are correct?

- A)** 1 only
- B)** 2 only
- C)** Both 1 and 2
- D)** Neither 1 nor 2

