



SAMARTHYA IAS · AHMEDABAD

DAILY UPSC COMPANION

Samarthya Current Affairs

Prelims facts · Mains frameworks · Practice MCQs

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MCQS

Your Complete UPSC Current Affairs Companion

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Enforcement of the Bankers Books Evidence Act, 2026

WHY IN NEWS

The Bankers Books Evidence Act, 2026 came into force on October 1, 2026, replacing the legacy 1891 law to modernise legal admissibility of financial records.

STORY 1 **PIB**

Bankers Books Evidence Act 2026 Enters Into Force Replacing 1891 Law

The Union Government notified the Bankers Books Evidence Act, 2026, which formally came into force on October 1, 2026.

Enacted by the Parliament of India, the new law applies across court proceedings, arbitrations, statutory inquiries, and financial investigations nationwide.

The modernised statute replaces the legacy Bankers' Books Evidence Act, 1891, establishing technology-neutral legal rules for physical, electronic, and digital records.

The law protects bank officials from routine court appearances solely to prove records in cases where the financial institution is not a party.

Static link: Connects to Section 61 to 65B of the Indian Evidence Act and the newly enacted Bharatiya Sakshya Adhiniyam, 2023 governing electronic evidence admissibility.

UPSC RELEVANCE

Tests knowledge of legislative reforms in evidentiary law, electronic record authentication, and institutional protection for financial intermediaries.

PRELIMS FACTS

- The Bankers Books Evidence Act, 2026 replaced the Bankers' Books Evidence Act, 1891 on October 1, 2026.
- The new Act provides a technology-neutral framework covering physical, electronic, and digital banking records.
- It exempts bank officers from compulsory personal attendance in legal proceedings where the bank is not a party, unless ordered by a court.

MAINS FRAMEWORK

Intro: The Bankers Books Evidence Act, 2026 represents a pivotal modernization of procedural jurisprudence, aligning financial record admissibility with digital banking realities.

DIMENSIONS

- **Procedural Efficiency:** Streamlines judicial proceedings by permitting certified digital entries without requiring physical appearances by bank personnel.
- **Digital Evidence Standards:** Harmonises rules with the Bharatiya Sakshya Adhiniyam, establishing standardized certification for electronic audit trails.
- **Financial Sector Expansion:** Enables extension of statutory evidentiary protections to non-banking financial entities and fintech platforms.

Way forward: Standardise automated electronic certification mechanisms across financial institutions and ensure capacity building among judicial officers for handling digital evidence.

KEY DEFINITIONS

- **Bankers' Books:** Ledgers, daybooks, cashbooks, account books, and electronic data storage media maintained by a financial institution in the ordinary course of business.
- **Technology-Neutral Framework:** A legal structure that applies uniform rules of validity and proof to records regardless of whether they exist in physical, digital, or electronic formats.

PYQ LINK

Discuss the significance of the Information Technology Act and reforms in evidence law for handling digital crimes and records.

MAINS PRACTICE QUESTION

Examine how the Bankers Books Evidence Act, 2026 modernises the evidentiary framework for financial records in India and impacts procedural efficiency in judicial proceedings. (150 words)

ANSWER OUTLINE

INTRODUCTION

The Bankers Books Evidence Act, 2026, which came into force on October 1, 2026, replaces the 1891 law to establish a technology-neutral framework for financial evidence.

BODY

1. TECHNOLOGY-NEUTRAL STANDARDISATION:

Recognises physical, digital, and electronic banking records on an equal legal footing, simplifying proof of accounts.

2. JUDICIAL EFFICIENCY:

Eliminates routine court summons for bank officials in third-party litigation, preventing operational disruptions in banking.

3. ALIGNMENT WITH NEW CRIMINAL CODES:

Integrates seamlessly with the Bharatiya Sakshya Adhiniyam, establishing uniform rules for digital authentication.

4. REGULATORY COVERAGE:

Allows statutory extension to emerging financial entities, accommodating rapid growth in digital and fintech transactions.

CONCLUSION

This legislative reform strengthens ease of doing business and expedites economic dispute resolution by modernising rules of evidence.

KEY TERMS

Bankers Books Evidence Act 2026

Bharatiya Sakshya Adhiniyam

Electronic Evidence Admissibility

Technology-Neutral Framework

ACTS & ARTICLES

Bankers Books Evidence Act, 2026

Bharatiya Sakshya Adhiniyam, 2023

Information Technology Act, 2000

02

GS-3 · ECONOMY

Next-Generation GST Process Reforms and Administrative Streamlining

WHY IN NEWS

The 57th GST Council meeting in October 2026 introduced process reforms, tightening automatic refund conditions while streamlining taxpayer registration.

STORY 1

PIB

GST Council Recommends Next-Gen Process Reforms and Administrative Rationalisation

The 57th GST Council meeting in October 2026 recommended process reforms to simplify tax administration and rationalise compliance mechanisms.

The GST Council meeting took place in New Delhi, building upon the new four-tier rate structure with two main rates of 5% and 18%.

Gross GST collections reached ~₹12.46 lakh crore during April-September 2026, registering an 11.6% year-on-year growth.

Registered taxpayers expanded from ~60 lakh in 2017 to ~1.70 crore by September 2026, processing 3,053 crore invoice uploads.

Static link: Connects to Article 279A of the Constitution of India establishing the GST Council and indirect tax rationalisation history.



STORY 2 **Business Standard**

Finance Ministry Clarifies Restrictions on Automatic Fast-Track GST Refunds

The Union Finance Ministry issued clarifications on fast-track GST refund procedures following the 57th GST Council recommendations.

The guidelines issued in New Delhi govern provisional refunds on zero-rated supplies and inverted duty structure claims across India.

The fast-track mechanism automatically releases 90% of low-risk refund claims within three working days without manual officer intervention.

The ministry clarified that automatic releases will be paused if earlier refund orders face show-cause notices or pending department appeals.

Static link: Connects to Section 54 of the Central Goods and Services Tax (CGST) Act, 2017 governing tax refund claims.

UPSC RELEVANCE

Assesses knowledge of indirect tax governance, GST Council constitutional mandate, revenue trends, and trade facilitation mechanisms.

PRELIMS FACTS

- Gross GST collections reached ~₹12.46 lakh crore during April-September 2026, marking an 11.6% year-on-year growth.
- Total registered taxpayers under GST grew from around 60 lakh in 2017 to approximately 1.70 crore by September 2026.
- Fast-track GST refund rules allow automatic sanction of 90% claimed amount within 3 working days for low-risk zero-rated supplies.

MAINS FRAMEWORK

Intro: The Next-Generation GST process reforms balance compliance facilitation for legitimate businesses with robust anti-evasion checks.

DIMENSIONS

- **Administrative Efficiency:** Automated processing of low-risk claims reduces human intervention and transaction costs.
- **Revenue Protection:** Exceptions for disputed claims prevent unauthorized leakages while departmental appeals are pending.
- **Tax Base Expansion:** Reaching 1.70 crore registered taxpayers reflects deepening formalisation of the Indian economy.

Way forward: Implement AI-driven risk profiling for refund claims and streamline dispute resolution through operational GST Appellate Tribunals.

KEY DEFINITIONS

- **Inverted Duty Structure:** A tax situation where the rate of tax on inputs purchased is higher than the rate of tax on the final output sold.
- **Zero-Rated Supply:** Supplies of goods or services exported out of India or supplied to a Special Economic Zone (SEZ) developer or unit, attracting zero net tax.

PYQ LINK

Explain the structure and role of the GST Council under Article 279A and evaluate its performance in rationalising indirect taxes.

MAINS PRACTICE QUESTION

Critically analyse the recent administrative and process reforms recommended by the GST Council. How do they balance trade facilitation with revenue protection? (250 words)

ANSWER OUTLINE

INTRODUCTION

The 57th GST Council meeting introduced process reforms aimed at simplifying compliance while safeguarding revenue integrity through risk-based checks.

BODY

1. TRADE FACILITATION VIA FAST-TRACKING:

Low-risk zero-rated and inverted duty claims receive 90% provisional sanction within 3 working days.

2. REDUCED TURNAROUND TIMELINES:

Cut the time for officers to accept claims or highlight discrepancies from 15 days to 10 days.

3. REVENUE SAFEGUARDS:

Suspends automatic refund release if prior orders face show-cause notices or pending appeals before appellate tribunals.

4. EXPANDING FORMAL TAX BASE:

Gross collections reached ₹12.46 lakh crore during April-September 2026, supported by 1.70 crore registered taxpayers.

5. ADDRESSING DISCRETION:

Minimises human discretion in routine approvals while directing scrutiny to disputed or high-risk cases.

CONCLUSION

Sustaining these process reforms alongside functional Appellate Tribunals will solidify GST as a predictable indirect tax architecture.

KEY TERMS

GST Council

Article 279A

Inverted Duty Structure

Zero-Rated Supplies

Provisional Refund

ACTS & ARTICLES

Article 279A of the Constitution

Central Goods and Services Tax (CGST) Act, 2017

101st Constitutional Amendment Act, 2016

03

GS-3 • ECONOMY

RBI Interventions to Support Rupee and Manage Foreign Exchange Reserves

WHY IN NEWS

The RBI opened a dedicated dollar window for state oil firms and restricted currency derivatives as forex reserves declined by \$12.95 billion to \$734.6 billion.

STORY 1 Mint

Reserve Bank Opens Dedicated Dollar Window for State Oil Companies to Stabilise Rupee

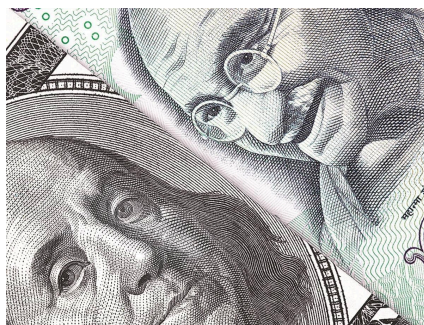
The Reserve Bank of India announced extraordinary measures to support the Indian rupee as it traded near record lows.

The central bank opened a special window supplying dollars directly to three state-run oil companies: IOC, HPCL, and BPCL.

The rupee closed at 96.73 per dollar on Friday, hovering close to its historic low of 96.96 per dollar.

The RBI reduced exchange-traded currency derivative position limits from \$100 million to \$5 million and mandated a 20% risk reserve.

Static link: Connects to Section 40 of the Reserve Bank of India Act, 1934 regarding foreign exchange operations and exchange rate management.



STORY 2 **Business Standard**

India's Foreign Exchange Reserves Drop to \$734.6 Billion Amid Central Bank Dollar Sales

India's foreign exchange reserves fell by \$12.95 billion to \$734.6 billion for the week ended October 2, 2026.

The Reserve Bank of India stepped up spot market dollar sales to defend the rupee amid rising global crude oil import bills.

Forex reserves have contracted by \$51.1 billion from their peak of \$785.7 billion recorded on September 4, 2026.

Despite the decline, reserves maintain an import cover of ~11 months and equal 94.4% of India's total external debt.

Static link: Connects to RBI's foreign exchange reserve management framework under the Foreign Exchange Management Act (FEMA), 1999.

UPSC RELEVANCE

Tests understanding of exchange rate dynamics, central bank market intervention tools, external sector stability, and reserve adequacy.

PRELIMS FACTS

- India's foreign exchange reserves stood at \$734.6 billion for the week ended October 2, 2026.
- The RBI reduced position limits for exchange-traded currency derivatives from \$100 million to \$5 million.
- Current foreign exchange reserves cover approximately 11 months of imports and represent 94.4% of external debt.

MAINS FRAMEWORK

Intro: The RBI's targeted intervention through direct dollar supply and derivative curbs aims to insulate the rupee from speculative volatility and global oil shocks.

DIMENSIONS

- **Spot Market Insulation:** Providing direct forex access to state oil marketing companies eliminates lump-sum spot dollar demand.
- **Derivatives Regulation:** Cutting position limits prevents speculative short-selling of the rupee in currency derivatives.
- **Reserve Adequacy:** Holding \$734.6 billion retains robust macroeconomic buffers with 11 months of import cover.

Way forward: Promote rupee-denominated trade settlement mechanisms and diversify export markets to reduce structural reliance on spot dollar reserves.

KEY DEFINITIONS

- **Import Cover:** The number of months of imports that can be paid for by a country's foreign exchange reserves at any given time.
- **Special Oil Window:** A facility where the central bank sells foreign currency directly to major state-owned oil importers to avoid spot market exchange volatility.

MAINS PRACTICE QUESTION

Discuss the tools available to the Reserve Bank of India to curb exchange rate volatility. How effective are direct dollar windows in maintaining external sector stability? (150 words)

ANSWER OUTLINE

INTRODUCTION

The RBI utilizes spot market interventions, derivative position limits, and targeted dollar windows to manage exchange rate volatility and defend currency stability.

BODY

1. DIRECT DOLLAR WINDOWS:

Supplying dollars directly to Indian Oil, HPCL, and BPCL prevents massive spot market demand spikes without driving rupee depreciation.

2. DERIVATIVES CURBING:

Reducing exchange-traded currency derivative limits to \$5 million prevents speculative trading against the rupee.

3. RESERVE UTILIZATION:

Deploying forex reserves, which stand at \$734.6 billion, provides crucial short-term liquidity during global crude oil shocks.

4. ADEQUACY BUFFERS:

Sustaining 11 months of import cover ensures overall external debt serviceability remains healthy at 94.4% of total external debt.

CONCLUSION

Targeted liquidity windows safeguard local currency stability, but structural trade balance improvements remain essential for long-term exchange rate firmness.

KEY TERMS

Exchange-Traded Currency Derivatives

Import Cover

Foreign Currency Assets

FEMA 1999

04

GS-2 • HEALTH

Proposed Restrictions on Advertising Prescription Drugs

WHY IN NEWS

The Union Health Ministry notified draft amendment G.S.R. 861(E) restricting advertisement of Schedule H, H1, and X drugs across the retail supply chain.



STORY 1 The Hindu

Health Ministry Proposes Curbing Advertisements of Prescription Drugs Across Supply Chain

The Union Ministry of Health and Family Welfare published a draft amendment to the Drugs Rules, 1945.

The amendment was notified through Gazette notification G.S.R. 861(E) on September 28, seeking public comments.

It inserts a sub-rule under Rule 65 prohibiting retailers, wholesalers, and distributors from advertising prescription medicines without government sanction.

The proposed restrictions target drugs listed under Schedule H, Schedule H1, and Schedule X of the Drugs Rules.

Static link: Connects to the Drugs and Cosmetics Act, 1940 and the Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954.

UPSC RELEVANCE

Focuses on pharmaceutical regulatory oversight, public health safeguards against self-medication, and antimicrobial resistance prevention.

PRELIMS FACTS

- Draft notification G.S.R. 861(E) proposes amending Rule 65 of the Drugs Rules, 1945.
- The draft rules prohibit drug retailers, wholesalers, and distributors from advertising Schedule H, H1, and X medicines.
- Prior Central Government sanction is mandated for any supply-chain advertising of designated prescription drugs.

MAINS FRAMEWORK

Intro: Plugging regulatory loopholes in prescription drug advertising across retail and wholesale channels is crucial to curb illegal promotion and self-medication.

DIMENSIONS

- **Public Health Protection:** Direct advertising restrictions curb irrational drug consumption and severe adverse drug reactions.
- **Combatting AMR:** Restricting publicity around Schedule H1 antibiotics limits unregulated over-the-counter sales driving drug resistance.
- **Supply Chain Oversight:** Extends regulatory liability beyond drug manufacturers to cover distributors and e-pharmacy aggregators.

Way forward: Enforce digital tracking for prescription drug sales and establish stringent penalties for illegal online advertisements by e-pharmacies.

KEY DEFINITIONS

- **Schedule H1 Drugs:** A specific class of prescription drugs including 3rd and 4th generation antibiotics and habit-forming drugs that require strict register-maintained sales.
- **Schedule X Drugs:** A category of highly controlled prescription drugs, primarily narcotics and psychotropic substances, requiring specialized dual-copy prescriptions.

MAINS PRACTICE QUESTION

Examine the regulatory challenges posed by direct-to-consumer advertising of prescription drugs. How does extending advertising restrictions to retailers protect public health? (150 words)

ANSWER OUTLINE

INTRODUCTION

The proposed amendment to the Drugs Rules, 1945 seeks to close regulatory gaps by banning retail and wholesale promotion of controlled prescription medicines.

BODY

1. **CLOSING REGULATORY GAPS:**

Extends prohibition on advertising Schedule H, H1, and X drugs from manufacturers to distributors and retailers.

2. **MITIGATING SELF-MEDICATION:**

Prevents misleading promotional schemes by pharmacies that encourage consumers to purchase potent prescription drugs without medical oversight.

3. **TACKLING ANTIMICROBIAL RESISTANCE (AMR):**

Restricts direct promotion of critical antibiotics, curbing unregulated access and overuse.

4. **REGULATING E-PHARMACIES:**

Brings online platforms and digital drug aggregators under stringent central oversight regarding promotional displays.

CONCLUSION

Tightening drug advertising norms safeguards patient health and strengthens institutional control over habit-forming and potent pharmaceutical formulations.

KEY TERMS

Drugs Rules 1945

Schedule H and H1

Schedule X

Antimicrobial Resistance

Self-Medication

ACTS & ARTICLES

Drugs and Cosmetics Act, 1940

Drugs Rules, 1945

Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954

05

GS-2 · INTERNATIONAL RELATIONS

India-US Trade Negotiations and PERM Programme Suspension

WHY IN NEWS

India rejected US remarks on IT workers following the US suspension of the PERM programme for major Indian IT firms amid ongoing interim trade negotiations.

Story so far:

- **10 October 2026** US PERM Program Suspension and Cross-Border Services Trade



India Slams US Comments on IT Professionals Following PERM Programme Suspension

The Ministry of External Affairs criticized US official remarks regarding foreign workers as 'unwarranted' and 'deeply offensive'.

The backlash followed the US suspension of the Permanent Labour Certification (PERM) programme for eight major IT outsourcing companies.

The PERM suspension targeted five Indian multinational IT firms, including Infosys, Tata Consultancy Services, and Wipro.

MEA emphasized that Indian technology professionals are highly skilled contributors who enhance the competitiveness of the American economy.

Static link: Connects to bilateral trade agreements and non-immigrant professional visa frameworks (H-1B, L-1) between India and the US.



Commerce Ministry States Changed Circumstances Will Shape Finalised India-US Trade Pact

Union Commerce Minister Piyush Goyal announced that the bilateral India-US trade agreement will be finalised considering changed global circumstances.

India and the US had reached a preliminary framework for an interim trade agreement earlier in February.

India is seeking reduced tariff barriers for its export goods to gain competitive access in American commercial markets.

Active trade pact negotiations are also concurrently underway with the GCC, Chile, Israel, and the Eurasian Economic Union (EAEU).

Static link: Connects to World Trade Organization (WTO) principles on Generalised System of Preferences (GSP) and Bilateral Trade Agreements.

Evaluates strategic bilateral trade dynamics, cross-border mobility of skilled professionals, trade protectionism, and foreign policy hedging.

PRELIMS FACTS

- The US suspended the Permanent Labour Certification (PERM) programme for 8 IT firms, including 5 Indian multinationals.
- India and the US had reached a preliminary framework for an interim trade deal in February 2026.
- India is concurrently negotiating trade agreements with the Eurasian Economic Union (EAEU), GCC, Chile, and Israel.

MAINS FRAMEWORK

Intro: Bilateral India-US trade relations face structural friction due to regulatory restrictions on skilled mobility juxtaposed against negotiations for tariff concessions.

DIMENSIONS

- **Services Trade & Mobility:** Restrictions on PERM certifications directly hit the business model of Indian IT services exports.
- **Tariff Rationalisation:** India's quest for lower market access tariffs requires balancing US demands on agriculture and digital trade.
- **Strategic Diversification:** Simultaneous negotiations with the GCC, EAEU, and Chile reduce over-dependence on single Western markets.

Way forward: Delink skilled human capital mobility from short-term trade disputes and establish a predictable bilateral regulatory framework for services.

KEY DEFINITIONS

- **PERM Programme:** Permanent Labour Certification issued by the US Department of Labor allowing employers to hire foreign workers to work permanently in the United States.
- **Interim Trade Agreement:** A limited, early-stage bilateral trade agreement covering select goods, tariffs, and services ahead of a Comprehensive Economic Partnership Agreement.

PYQ LINK

Discuss the key areas of convergence and divergence in India-US bilateral trade relations over recent years.

MAINS PRACTICE QUESTION

Critically analyse how immigration policy shifts and tariff adjustments in major trade partner countries impact India's services sector exports. (250 words)

ANSWER OUTLINE

INTRODUCTION

The interplay between trade negotiations and labor mobility restrictions highlights the vulnerabilities facing India's technology export landscape.

BODY

1. **DISRUPTION TO SERVICES SECTOR:**

US suspension of PERM certifications for major IT firms like TCS and Infosys impedes talent deployment and offshore delivery models.

2. **DIPLOMATIC FRICTION:**

Rejection of offensive statements regarding foreign IT professionals underscores tensions in bilateral services trade.

3. **RECALIBRATING TRADE AGREEMENTS:**

Changing tariff landscapes alter the February preliminary framework, necessitating renegotiation of trade terms.

4. **HEDGING STRATEGY:**

Active trade talks with the Eurasian Economic Union (EAEU), GCC, and Chile reflect strategic trade diversification.

5. **ECONOMIC CONTRIBUTION:**

Indian IT firms contribute significantly to host country productivity, making arbitrary administrative barriers counterproductive.

CONCLUSION

A robust bilateral services framework and market diversification are vital to cushion India's export economy against protectionist policy shifts.

KEY TERMS

PERM Programme

Interim Trade Agreement

Eurasian Economic Union (EAEU)

Non-Tariff Barriers

GCC

ACTS & ARTICLES

Article 51 of the Constitution (Promotion of international peace and security)

US Immigration and Nationality Act (PERM Provisions)

06

GS-2 · POLITY & GOVERNANCE

Implementation of Triple Test for Backward Classes Reservation in Local Bodies

WHY IN NEWS

The Andhra Pradesh Cabinet accepted the Dedicated Commission's recommendations enforcing the Supreme Court's 'triple test' for BC local body reservation.

Story so far:

- **10 October 2026** Madhya Pradesh High Court Verdict on Reservation Ceiling
- **17 September 2026** Social Inclusion & Census Framework: Demand for OBC Enumeration



STORY 1 **The Hindu**

Andhra Pradesh Cabinet Approves Dedicated Commission Report on Local Body Reservation

The Andhra Pradesh Cabinet formally accepted recommendations of the Dedicated Commission headed by Rajeev Ranjan Mishra.

The State decision complies with the mandatory 'triple test' criteria laid down by the Supreme Court of India.

The Commission conducted empirical inquiries into backwardness across individual rural and urban local bodies statewide.

The approved rules mandate that aggregate reservations for SCs, STs, and BCs combined must not exceed the 50% ceiling in any local body.

Static link: Connects to Articles 243D(6) and 243T(6) of the Constitution regarding Backward Class reservations in Panchayats and Municipalities.

UPSC RELEVANCE

Examines constitutional jurisprudence governing local self-government, empirical backwardness determination, and judicial ceilings on affirmative action.

PRELIMS FACTS

- The Andhra Pradesh Dedicated Commission on local body BC reservation was headed by Rajeev Ranjan Mishra.
- Supreme Court jurisprudence mandates that total reserved seats (SC + ST + BC) in local bodies must not exceed 50%.
- Reservation for Other Backward Classes in Panchayats and Municipalities is governed under Articles 243D(6) and 243T(6).

MAINS FRAMEWORK

Intro: Adherence to the SC-mandated triple test ensures that political reservations in local self-governments rest on verifiable empirical data rather than executive discretion.

DIMENSIONS

- **Constitutional Integrity:** Distinguishes political representation under Part IX/IXA from educational/employment reservations under Articles 15 and 16.
- **Empirical Objectivity:** Empirical mapping prevents over-breadth or arbitrary seat allocation in municipal and panchayat elections.
- **Judicial Ceiling Safeguard:** Enforcing the strict 50% cap balances affirmative action with general constituency representation.

Way forward: Institutionalise permanent statutory commissions in all States to periodically update local body demographic and political representation data.

KEY DEFINITIONS

- **Triple Test:** A three-step judicial condition requiring a dedicated commission, empirical data on political backwardness, and adherence to a 50% total reservation ceiling in local bodies.
- **Political Backwardness:** Inadequacy of representation in local self-government institutions, legally distinct from social and educational backwardness under Article 15(4).

PYQ LINK

Discuss the constitutional provisions enabling reservations in Panchayati Raj institutions and evaluate judicial interventions in capping local body quotas.

MAINS PRACTICE QUESTION

Explain the constitutional significance of the 'triple test' framework for providing reservations to Backward Classes in local self-government institutions. (150 words)

ANSWER OUTLINE

INTRODUCTION

The 'triple test' framework, established by the Supreme Court, governs the legal validity of Backward Class (BC) reservations in local self-governing bodies.

BODY

1. THREE-PRONGED REQUIREMENT:

Mandates setting up a dedicated commission, conducting empirical inquiry into local political backwardness, and strictly observing the 50% overall cap.

2. DISTINCT LEGAL STANDARD:

Clarifies that political backwardness under Articles 243D(6) and 243T(6) is legally distinct from social/educational backwardness under Articles 15(4) and 16(4).

3. PREVENTING OVER-RESERVATION:

Ensures total reservations combining SCs, STs, and BCs do not breach the 50% ceiling in any single urban or rural local body.

4. ENSURING EMPIRICAL JUSTIFICATION:

Eliminates arbitrary reservations by tying seat quotas to verified district-level data, as executed by the Rajeev Ranjan Mishra Commission.

CONCLUSION

Rigorous compliance with the triple test strengthens grassroots democracy by aligning affirmative action with sound constitutional principles.

KEY TERMS

Triple Test Mandate

Empirical Inquiry

Article 243D

Article 243T

50 Percent Ceiling

ACTS & ARTICLES

Article 243D and Article 243T of the Constitution

Dr. K. Krishna Murthy v. Union of India (2010)

Vikas Kishanrao Gawali v. State of Maharashtra (2021)

07

GS-3 • ECONOMY

Global Greenfield Investment Trends and India's Strategic Position

WHY IN NEWS

UNCTAD's Trade and Development Report 2026 revealed that India secured 5.7% of global greenfield investments during 2020-25, double China's share.



STORY 1 The Hindu

UNCTAD Report Shows India Secured Double China's Share of Global Greenfield Investments

The United Nations Conference on Trade and Development (UNCTAD) released its Trade and Development Report 2026.

India accounted for 5.7% of total global greenfield investments between 2020 and 2025.

India's greenfield FDI share was more than double China's share (2.8%), trailing behind global leaders while beating regional peers.

Malaysia secured 4% and Indonesia attracted 3.8% of global greenfield capital flows during the same 2020-25 period.

Static link: Connects to Foreign Direct Investment (FDI) modes (Greenfield vs Brownfield) and UNCTAD's mandate under the UN General Assembly.

UPSC RELEVANCE

Evaluates global capital flows, greenfield FDI dynamics, supply chain realignments ('China+1'), and trade multilateralism.

PRELIMS FACTS

- According to UNCTAD, India received 5.7% of global greenfield investments during the 2020–2025 period.
- India's share of global greenfield FDI was more than double China's share of 2.8% during 2020–2025.
- Other major recipients in the Global South included Malaysia (4%) and Indonesia (3.8%).

MAINS FRAMEWORK

Intro: India's emergence as a prime destination for greenfield FDI underscores shifting global manufacturing supply chains away from concentration risk.

DIMENSIONS

- **Supply Chain Re-alignment:** Benefiting from 'China+1' strategies as multinational corporations establish new manufacturing hubs.
- **Capital Formation Quality:** Greenfield FDI creates new physical assets, employment, and technology transfers compared to brownfield acquisitions.
- **Global South Concentration:** While India outpaces Asian peers, strategic high-tech investments remain heavily concentrated in Western nations.

Way forward: Streamline land acquisition, accelerate single-window state clearances, and enhance domestic supply chain linkages to convert greenfield pledges into operational factories.

KEY DEFINITIONS

- **Greenfield Investment:** A form of foreign direct investment where a parent company builds its operations and physical facilities in a foreign country from the ground up.
- **UNCTAD:** The United Nations Conference on Trade and Development, a permanent intergovernmental body established by the UN General Assembly in 1964.

MAINS PRACTICE QUESTION

Analyse the factors behind India's rising share in global greenfield foreign direct investments relative to its regional peers. (150 words)

ANSWER OUTLINE

INTRODUCTION

According to UNCTAD's Trade and Development Report 2026, India captured 5.7% of global greenfield investments during 2020–25, surpassing China's 2.8%.

BODY

1. **CHINA PLUS ONE DIVERSIFICATION:**

Multinationals are establishing brand-new manufacturing assets in India to de-risk supply chains.

2. **DOMESTIC MARKET SCALE:**

Rapid economic expansion and large domestic consumer demand attract long-term greenfield capital commitments.

3. **POLICY INCENTIVES:**

Production Linked Incentive (PLI) schemes and infrastructure expansion reduce cost burdens for greenfield ventures.

4. **COMPETITIVE ADVANTAGE OVER PEERS:**

Outpaced Southeast Asian economies like Malaysia (4%) and Indonesia (3.8%) in attracting foreign capital.

CONCLUSION

Capitalising on this greenfield FDI inflow requires continuous ease-of-doing-business reforms to ensure timely project execution.

KEY TERMS

Greenfield Investment

UNCTAD

Trade and Development Report

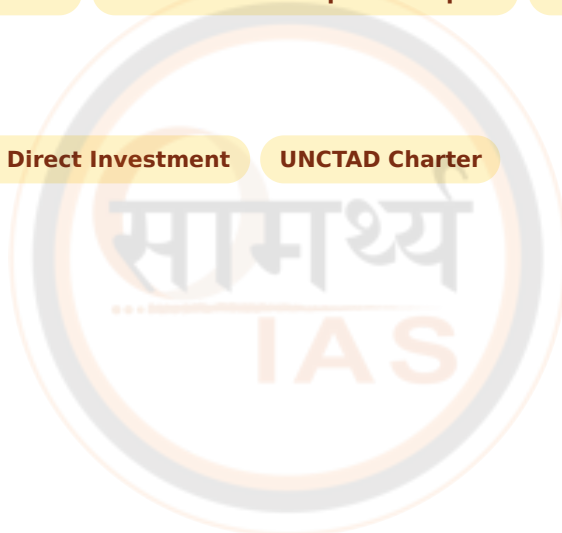
FDI Inflows

Strategic Sectors

ACTS & ARTICLES

FEMA Regulations on Foreign Direct Investment

UNCTAD Charter



EDITORIAL OF THE DAY

GST Governance: Transitioning from Discretionary Scrutiny to Trust-Based Tax Administration — The Hindu: Delivery completed: On the GST Council meet, reforms

The 57th GST Council meeting reflects a fundamental shift towards increased trust in taxpayers and administrative maturity. By overhauling processes across registration, return filing, and refunds, the tax framework reduces discretionary enforcement in favor of predictable compliance.

KEY ARGUMENTS

- **Process Automation:** Automated registration and streamlined return filing eliminate bureaucratic friction and officer discretion.
- **Revenue Resilience:** Consistently stable gross collections allow the tax administration to pivot from aggressive extraction to trade facilitation.
- **Litigation Reduction:** Clearer statutory timelines and simplified refund mechanisms reduce long-standing disputes between taxpayers and authorities.

THE OTHER SIDE

- **Risk of Tax Evasion:** Excessive automation without robust backend AI validation might open loopholes for fraudulent input tax credit claims.
- **State Revenue Security:** Softer enforcement mechanisms could create anxiety among revenue-stressed States relying heavily on GST compensation.

Way forward: Consolidate trust-based GST administration by deploying automated backend risk algorithms and making GST Appellate Tribunals fully operational.

Use it in: GS-3: Indian Economy and fiscal policy; Essay: Governance reforms and public trust.

Mains practice question: Discuss how process reforms in indirect tax administration can enhance trust between taxpayers and the state while preserving revenue security. (250 words)

PRELIMS IN FOCUS

ORGANISATION Bharat 6G Alliance (B6GA)

- An industry-led alliance driven by telecom operators, academia, and research institutions to advance 6G research in India.
- Organised the 3rd International Bharat 6G Symposium 2026 alongside India Mobile Congress.
- Focuses on integrating terrestrial and satellite networks to expand connectivity to underserved areas.

SCHEME PM E-DRIVE Scheme

- Implemented with an outlay of ₹11,900 crore with implementation extended until March 31, 2028.
- Provides upfront purchase incentives for electric vehicles and supports public charging infrastructure.
- Has enabled 26.59 lakh EV sales against a target of 28.30 lakh vehicles as of June 2026.

EVENT Exercise Tarang Shakti 2026

- Multinational air exercise hosted by the Indian Air Force at Air Force Station Jodhpur.
- Brought together air forces from 7 Friendly Foreign Countries including the US, France, Germany, and UAE.
- Featured participation and observer contingents from 32 nations to enhance air domain interoperability.

TECHNOLOGY Abhay Hull-Mounted Sonar

- An advanced indigenous underwater sonar sensor designed for shallow water naval combatants.
- Fitted aboard the Anti-Submarine Warfare Shallow Water Craft INS Mangrol built by Cochin Shipyard.
- Provides active and passive underwater surveillance to detect submarine threats in coastal waters.



Practice MCQs (UPSC Prelims)

Attempt these questions on your own first. The answer key is on the next page.

POLITY & GOVERNANCE

Enforcement of the Bankers Books Evidence Act, 2026

Bankers Books Evidence Act 2026 Enters Into Force Replacing 1891 Law

Q1. With reference to the Bankers Books Evidence Act, 2026, consider the following statements: 1. It replaced the Bankers' Books Evidence Act, 1891, coming into force on October 1, 2026. 2. It establishes a technology-neutral framework covering physical, electronic, and digital records. 3. It mandates that bank officers must personally appear in court in all civil cases involving financial disputes. Which of the statements given above is/are correct?

- A. 1 and 2 only
- B. 2 and 3 only
- C. 1 and 3 only
- D. 1, 2 and 3

ECONOMY

Next-Generation GST Process Reforms and Administrative Streamlining

GST Council Recommends Next-Gen Process Reforms and Administrative Rationalisation

Q2. Consider the following statements regarding Goods and Services Tax (GST) collections and fast-track refunds in India: 1. Gross GST collections reached approximately ₹12.46 lakh crore during April-September 2026. 2. Under fast-track refund rules, 90% of low-risk claims on zero-rated supplies are automatically sanctioned within three working days. 3. Automatic refund releases continue unaffected even if an earlier refund claim faces a pending departmental appeal. Which of the statements given above is/are correct?

- A. 1 only
- B. 1 and 2 only
- C. 2 and 3 only
- D. 1, 2 and 3

ECONOMY

RBI Interventions to Support Rupee and Manage Foreign Exchange Reserves

Reserve Bank Opens Dedicated Dollar Window for State Oil Companies to Stabilise Rupee

Q3. In the context of recent Reserve Bank of India (RBI) measures to curb exchange rate volatility, consider the following statements: 1. The RBI opened a dedicated dollar window directly supplying forex to major state-run oil companies. 2. The RBI reduced position limits for exchange-traded currency derivatives involving the rupee to \$5 million. 3. India's foreign exchange reserves currently cover less than 3 months of imports. Which of the statements given above are correct?

- A. 1 and 2 only
- B. 2 and 3 only

C. 1 and 3 only

D. 1, 2 and 3

HEALTH Proposed Restrictions on Advertising Prescription Drugs

Health Ministry Proposes Curbing Advertisements of Prescription Drugs Across Supply Chain

Q4. The proposed draft amendment G.S.R. 861(E) under Rule 65 of the Drugs Rules, 1945 seeks to restrict the advertisement of which schedules of drugs by retailers and wholesalers without central government approval?

A. Schedules C, D, and E

B. Schedules H, H1, and X

C. Schedules G, J, and K

D. Schedules M, N, and P

ECONOMY Global Greenfield Investment Trends and India's Strategic Position

UNCTAD Report Shows India Secured Double China's Share of Global Greenfield Investments

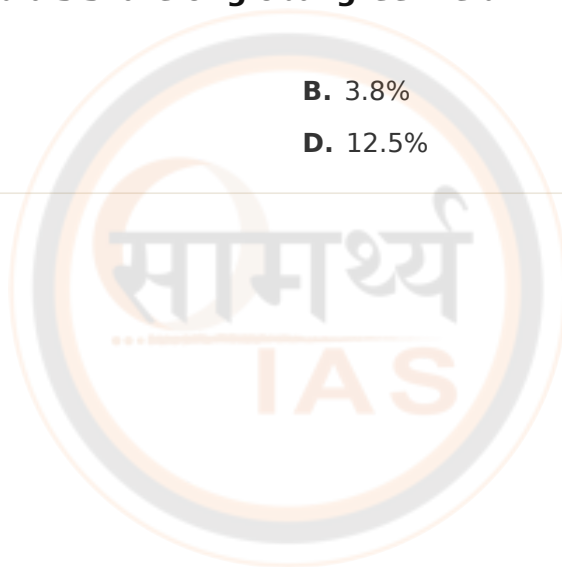
Q5. According to the Trade and Development Report 2026 released by UNCTAD, what was India's share of global greenfield investments during the period 2020-2025?

A. 2.8%

B. 3.8%

C. 5.7%

D. 12.5%



Answer Key — Practice MCQs

Quick reference and explanations for the practice questions on the previous page.

Q1: A

Q2: B

Q3: A

Q4: B

Q5: C

Q1 Option A · 1 and 2 only

Statements 1 and 2 are correct as the Act came into force on October 1, 2026, replacing the 1891 law with a technology-neutral standard. Statement 3 is incorrect because the Act explicitly protects bank officers from routine compulsory court appearances when the bank is not a party to the suit.

Q2 Option B · 1 and 2 only

Statements 1 and 2 are correct based on official factsheet data and Finance Ministry guidelines. Statement 3 is incorrect because the ministry clarified that automatic releases are paused if an earlier refund order faces a show-cause notice or pending departmental appeal.

Q3 Option A · 1 and 2 only

Statements 1 and 2 are correct as RBI opened dollar windows for IOC, HPCL, and BPCL, and slashed derivative limits to \$5 million. Statement 3 is incorrect because foreign exchange reserves of \$734.6 billion provide an import cover of approximately 11 months.

Q4 Option B · Schedules H, H1, and X

The draft amendment proposes inserting a new sub-rule under Rule 65 of the Drugs Rules, 1945 prohibiting sellers, stocking entities, wholesalers, and retailers from advertising drugs listed under Schedule H, Schedule H1, and Schedule X without prior government sanction.

Q5 Option C · 5.7%

As per UNCTAD's Trade and Development Report 2026, India accounted for 5.7% of global greenfield investments between 2020 and 2025, which was more than double China's share of 2.8%.

TOPIC 03 · RBI INTERVENTIONS TO SUPPORT RUPEE AND MANAGE FOREIGN EXCHANGE RESERVES

UPSC Prelims 2019

Which one of the following is not the most likely measure the Government/RBI takes to stop the slide of Indian rupee?

- A)** Curbing imports of non-essential goods and promoting exports
- B)** Encouraging Indian borrowers to issue rupee denominated Masala Bonds
- C)** Easing conditions relating to external commercial borrowing
- D)** Following an expansionary monetary policy

TOPIC 04 · PROPOSED RESTRICTIONS ON ADVERTISING PRESCRIPTION DRUGS

UPSC Prelims 2019

Which of the following are the reasons for the occurrence of multi-drug resistance in microbial pathogens in India?

1. Genetic predisposition of some people
2. Taking incorrect doses of antibiotics to cure diseases
3. Using antibiotics in livestock farming
4. Multiple chronic diseases in some people

Select the correct answer using the code given below.

- A)** 1 and 2
- B)** 2 and 3 only
- C)** 1, 3 and 4
- D)** 2, 3 and 4

TOPIC 07 · GLOBAL GREENFIELD INVESTMENT TRENDS AND INDIA'S STRATEGIC POSITION

UPSC Prelims 2021

Consider the following :

1. Foreign currency convertible bonds
2. Foreign institutional investment with certain conditions
3. Global depository receipts
4. Non-resident external deposits

Which of the above can be included in Foreign Direct Investments?

- A)** 1, 2 and 3
- B)** 3 only
- C)** 2 and 4
- D)** 1 and 4