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INDIA'S NATIONAL NEWSPAPER SINCE 1878

Daily News Analysis

The Hindu Important News Articles For UPSC CSE

Tuesday :11 Aug, 2026

Edition :International ;Table of Contents

Page 05:GS II :Indian Polity / Preliminary Examination

The Lok Sabha passed **The Tribunals Reforms Bill, 2026** by voice vote without discussion. The Bill replaces the Tribunals Reforms Act, 2021, seeking to reform the administration, selection process, and functioning across 16 major quasi-judicial bodies (e.g., CAT, NGT, NCLAT, ITAT).

Key Highlights of the Bill

- **National Tribunals Commission (NTC):** Establishes an independent oversight body headquartered in New Delhi.
    - **Composition:** 5 members—a Chairperson (retired Supreme Court judge or High Court Chief Justice), two Judicial members, and two Technical members (with 25+ years experience).
- **Uniform Selection Mechanism:** NTC will form Search-cum-Selection Committees for tribunal appointments. It mandates single-name recommendations with a waiting list and obligates the Central Government to complete appointments within **3 months**.
- **Tenure and Age Limits:** Standardises terms to **5 years**, with age limits set at **70 years** for Chairpersons and **67 years** for Members.
- **Digital Transparency:** Introduces a **National Tribunals Data Grid (NTDG)** to maintain a central repository of case records across tribunals.

Tribunals Reforms Bill passed amid din in LS

Bill to set up a panel to oversee appointments to various national tribunals was cleared without a debate; Law Minister says it will bring uniformity to selection process and improve transparency

The Hindu Bureau
NEW DELHI

The Lok Sabha on Monday passed a Bill to establish a National Tribunals Commission to oversee the appointment of chairpersons and members of various tribunals, without a debate amid persistent Opposition protests demanding the presence of Union Home Minister Amit Shah.

The Opposition has been demanding that Mr. Shah make a statement on the police crackdown on students during the July 20 protest in New Delhi against paper leaks.

The Tribunals Reforms Bill, 2026, introduced by Union Law Minister Arjun Ram Meghwal, was passed by voice vote after Opposition members, who had given notices opposing its introduction, chose not to speak amid the din.

Once passed by both Houses, the new law will repeal the Tribunals Reforms Act, 2021.

No discussion: Proceedings in the Lok Sabha during the Monsoon Session of Parliament, in New Delhi on Monday. ANI

The proposed commission, to be headquartered in New Delhi, will comprise a chairperson and four members – two judicial and two technical members. A retired Supreme Court judge or a retired Chief Justice of a High Court will be eligible to head the commission.

Speaking on the Bill, Mr. Meghwal said it sought to bring uniformity to the process of selection and appointment of tribunal members and would improve efficiency, transparency and independence.

He said the legislation did not alter the jurisdiction of any tribunal. The Minister described the measure as part of the government's "reform express".

The Bill comes against the backdrop of the Supreme Court's intervention in the functioning of tribunals.

The court had struck down provisions of the Tribunals Reforms Act, 2021, holding that some of them were contrary to the principles of separation of powers and judicial independence and inconsistent with earlier judgments laying down standards for the appointment, tenure and functioning of tribunal members.

SC's direction

The court had also directed the establishment of an independent National Tribunals Commission with professional expertise, transparent selection procedures and an oversight mechanism for appointments.

The proposed legislation provides for the qualifications, selection and appointment of tribunal chairpersons and members, besides prescribing their salaries, allowances, tenure, resignation, removal and other service conditions.

Related Static Dimensions (UPSC GS Paper II)

- **Constitutional Status:** Tribunals were added to the Constitution via the 42^{nd} **Constitutional Amendment Act, 1976**:
    - **Article 323A:** Administrative Tribunals (established only by Parliament).
    - **Article 323B:** Tribunals for other matters (taxation, land reforms, foreign exchange; established by Parliament or State Legislatures).
- **Judicial Precedents & Separation of Powers:**
    - **L. Chandra Kumar Case (1997):** Held that tribunal decisions are subject to High Court judicial review under Article 226/227 to maintain the basic structure.

- **Madras Bar Association Cases (2010, 2020, 2021):** Striking down earlier short tenures and heavy executive interference, the Supreme Court repeatedly directed the creation of an independent National Tribunals Commission to uphold judicial independence and the doctrine of separation of powers (Article 50).

Conclusion

The creation of the National Tribunals Commission addresses chronic vacancies, administrative delays, and judicial independence concerns raised by the apex court. However, ensuring prompt government action on recommendations and providing adequate infrastructure will remain key to improving the efficiency of India's quasi-judicial ecosystem.

UPSC Prelims Practice Questions

Question: The L. Chandra Kumar judgment (1997) is significant because the Supreme Court held that:

A. Tribunal decisions are completely immune from judicial review.

B. Judicial review by High Courts and the Supreme Court is part of the basic structure and cannot be completely excluded.

C. Tribunals are unconstitutional institutions.

D. Parliament cannot establish any tribunal.

Ans: B)

UPSC Mains Practice Questions

Question: "Tribunalisation of justice can improve specialised adjudication, but excessive executive control can undermine judicial independence." Critically examine.**(10 Marks, 150 Words)**

Page 06 :GS II :International Relations / Preliminary Examination

Bilateral relations between India and Bangladesh face a delicate juncture as Dhaka urges New Delhi to expedite the extradition of deposed former Prime Minister Sheikh Hasina. Following a high-level meeting between the Indian Envoy and Bangladesh's leadership, both sides expressed a desire to stabilize diplomatic ties through a "people-centric approach" while managing domestic political and legal pressures.

Deep Analysis of Key News Points

- **Formal Request for Extradition:** Bangladesh has officially pressed India to expedite Sheikh Hasina's extradition under existing bilateral mechanisms following her virtual press engagements from New Delhi.
- **Cross-Border Security Concerns:** Beyond high-profile political figures, Dhaka highlighted cross-border security cooperation, requesting the handover of suspects involved in domestic assassinations believed to have fled across the border.
- **Institutional Respect & Sovereignty:** Bangladesh raised concerns over political statements issued from foreign soil, emphasizing that international law requires respect for sovereign state institutions and judicial sanctity.
- **Pragmatic Diplomatic Continuity:** Despite friction, ongoing diplomatic engagements—including invitations for multilateral summits like BRICS—indicate a shared intent to prevent security cooperation and economic ties from stalling.

Bangladesh urges India to expedite Hasina's extradition

Indian High Commissioner Trivedi calls on Bangladesh PM Rahman; 'somewhat reassured' after the meeting, says Minister; exchanged views on 'matters of mutual interest', says Indian mission

Kallol Bhattacherjee
NEW DELHI

Bangladesh has urged India to "expedite" the extradition of former Prime Minister Sheikh Hasina, who took shelter in India after being deposed in 2024. The matter featured in a discussion when Indian High Commissioner to Bangladesh Dinesh Trivedi called on Bangladesh Prime Minister Tarique Rahman on Monday.

Dinesh Trivedi (right) with Bangladesh Prime Minister Tarique Rahman during a meeting in Dhaka on Monday. PTI

The meeting took place amid tension in bilateral relations following Ms. Hasina's virtual press conference on August 5, in which she had criticised Mr. Tarique Rahman's government.

Following the meeting in Dhaka, Bangladesh Foreign Minister Khalilur Rahman said that he felt "somewhat reassured" by the conversation that took place between Mr. Tarique Rahman and Mr. Trivedi.

"Bangladesh hopes that India will expedite the process of extraditing Sheikh Hasina," said Shahadat Shadhin, the Prime Minister's Deputy Press Secretary. The meeting took place at the Bangladesh Prime Minister's Office in the Secretariat in Dhaka, Mr. Shadhin said, and added, "Prime Minister emphasised on the need to create a conducive environment to further advance India-Bangladesh bilateral relations."

Positive development

Mr. Khalilur Rahman and Foreign Affairs Adviser Humayun Kobir were present during the meeting.

"The Prime Minister at the same time reiterated the request to extradite the suspected killers who are connected to the assassination of Shaheed Osman Hadi," said Mr. Shadhin, referring to reports that the individuals connected to the December 2025 killing of Hadi had fled to India.

The Indian High Commission in Bangladesh said the two sides "exchanged views on matters of mutual interest" to strengthen relation with a "people-centric approach".

Following the meeting, Mr. Khalilur Rahman said, "On August 5, Ms. Hasina undermined the Justice Department of Bangladesh, which is a pillar of our nation. The Government of India had allowed her to do that. We want all states in the world to respect our state institutions. We hope the Government of India will understand that matter."

"After talking to them, I am somewhat reassured that such incidents will not be repeated," said Mr. Khalilur Rahman while speaking to the presspersons after the meeting. He further said that Mr. Tarique Rahman has two invites from India, one for the BRICS summit in September and another for a bilateral visit.

Diplomatic sources here have interpreted the meeting as a positive development as it came at a time when Dhaka is also hosting a high-level security-related delegation from India.

Hasina's conference

The Bangladesh government had said that it was "outraged" by the remarks made by Ms. Hasina in the press conference held in New Delhi's Foreign Correspondent Club. Mr. Kobir had met Mr. Trivedi before the conference saying that Ms. Hasina's political activities from India could "harm" positive movements in bilateral ties.

Related Static Dimension

- **India–Bangladesh Extradition Treaty (2013, Amended 2016):**
  - **Dual Criminality Principle:** Requires the offense to be punishable under the laws of both nations with imprisonment of at least one year.
  - **Political Offence Exception (Article 6):** Allows refusal if the offense is deemed political, though serious crimes like murder, terrorism, and heinous offenses are explicitly excluded from political immunity.
  - **Grounds for Refusal (Article 8):** Extradition can be denied under Section 29 of the Indian Extradition Act, 1962, or treaty provisions if the request appears to be made in bad faith, is politically motivated, or violates principles of natural justice.
- **Strategic Imperatives:** Bangladesh forms the linchpin of India's **"Neighborhood First"** policy and **"Act East"** policy, vital for Northeast India's security and regional connectivity (BBIN, BIMSTEC).

Conclusion

Navigating the legal intricacies of the bilateral Extradition Treaty while upholding democratic values requires standard diplomatic diplomacy. For long-term stability, India and Bangladesh must maintain institutional security partnerships and robust economic channels while insulating core bilateral interests from immediate political shifts.

UPSC Prelims Practice Questions

Question: Which of the following is NOT generally associated with the concept of extradition?

A. Surrender of an accused person to another state

B. Bilateral or multilateral treaty arrangements

C. Judicial and executive scrutiny

D. Automatic transfer without consideration of treaty conditions

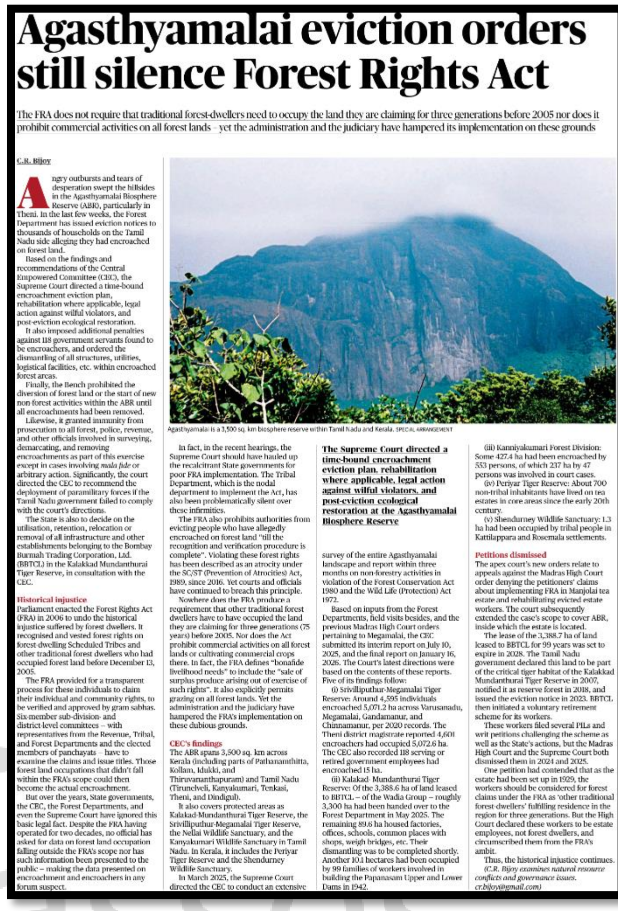
Ans: D)

UPSC Mains Practice Questions

Question: How can India balance sovereignty, rule of law, human rights and bilateral obligations while responding to an extradition request from a neighbouring country?**(10 Marks, 150 Words)**

Page 07 :GS III :Environment / Preliminary Examination

The Forest Department's eviction notices in the Agasthyamalai Biosphere Reserve (ABR)—issued under Supreme Court directives following Central Empowered Committee (CEC) reports—highlight the persistent friction between top-down wildlife conservation and statutory tribal rights under the Forest Rights Act (FRA), 2006.



Agasthyamalai eviction orders still silence Forest Rights Act

The FRA does not require that traditional forest-dwellers need to occupy the land they are claiming for three generations before 2005 nor does it prohibit commercial activities on all forest lands – yet the administration and the judiciary have hampered its implementation on these grounds

C.R. Bijoy

Angry outbursts and tears of desperation swept the hillsides in the Agasthyamalai Biosphere Reserve (ABR), particularly in Theni. In the last few weeks, the Forest Department has issued eviction notices to thousands of households on the Tamil Nadu side alleging they had encroached on forest land.

Based on the findings and recommendations of the Central Empowered Committee (CEC), the Supreme Court directed a time-bound encroachment eviction plan, rehabilitation where applicable, legal action against wilful violators, and post-eviction ecological restoration.

It also imposed additional penalties against 118 government servants found to be encroachers, and ordered the dismantling of all structures, utilities, logistical facilities, etc. within encroached forest areas.

Finally, the Bench prohibited the diversion of forest land or the start of new non forest activities within the ABR until all encroachments had been removed.

Likewise, it granted immunity from prosecution to all forest, police, revenue, and other officials involved in surveying, demarcating, and removing encroachments as part of this exercise except in cases involving *mala fide* or arbitrary action. Significantly, the court directed the CEC to recommend the deployment of paramilitary forces if the Tamil Nadu government failed to comply with the court's directions.

The State is also to decide on the utilisation, retention, relocation or removal of all infrastructure and other establishments belonging to the Bombay Burmah Trading Corporation, Ltd. (BBTCL) in the Kalakkad Mundanthurai Tiger Reserve, in consultation with the CEC.

Agasthyamalai is a 3,500 sq. km biosphere reserve within Tamil Nadu and Kerala. SPECIAL ARRANGEMENT

Historical injustice

Parliament enacted the Forest Rights Act (FRA) in 2006 to undo the historical injustice suffered by forest dwellers. It recognised and vested forest rights on forest-dwelling Scheduled Tribes and other traditional forest dwellers who had occupied forest land before December 13, 2005.

The FRA provided for a transparent process for these individuals to claim their individual and community rights, to be verified and approved by gram sabhas. Six-member sub-division- and district-level committees – with representatives from the Revenue, Tribal, and Forest Departments and the elected members of panchayats – have to examine the claims and issue titles. Those forest land occupations that didn't fall within the FRA's scope could then become the actual encroachment.

But over the years, State governments, the CEC, the Forest Departments, and even the Supreme Court have ignored this basic legal fact. Despite the FRA having operated for two decades, no official has asked for data on forest land occupation falling outside the FRA's scope nor has such information been presented to the public – making the data presented on encroachment and encroachers in any forum suspect.

In fact, in the recent hearings, the Supreme Court should have hauled up the recalcitrant State governments for poor FRA implementation. The Tribal Department, which is the nodal department to implement the Act, has also been problematically silent over these infirmities.

The FRA also prohibits authorities from evicting people who have allegedly encroached on forest land "till the recognition and verification procedure is complete". Violating these forest rights has been described as an atrocity under the SC/ST (Prevention of Atrocities) Act, 1989, since 2016. Yet courts and officials have continued to breach this principle.

Nowhere does the FRA produce a requirement that other traditional forest dwellers have to have occupied the land they are claiming for three generations (75 years) before 2005. Nor does the Act prohibit commercial activities on all forest lands or cultivating commercial crops there. In fact, the FRA defines "bonafide livelihood needs" to include the "sale of surplus produce arising out of exercise of such rights". It also explicitly permits grazing on all forest lands. Yet the administration and the judiciary have hampered the FRA's implementation on these dubious grounds.

CEC's findings

The ABR spans 3,500 sq. km across Kerala (including parts of Pathanamthitta, Kollam, Idukki, and Thiruvananthapuram) and Tamil Nadu (Tirunelveli, Kanyakumari, Tenkasi, Theni, and Dindigul).

It also covers protected areas as Kalakad-Mundanthurai Tiger Reserve, the Srivilliputhur-Megamalai Tiger Reserve, the Nellai Wildlife Sanctuary, and the Kanyakumari Wildlife Sanctuary in Tamil Nadu. In Kerala, it includes the Periyar Tiger Reserve and the Shendurney Wildlife Sanctuary.

In March 2025, the Supreme Court directed the CEC to conduct an extensive survey of the entire Agasthyamalai landscape and report within three months on non-forestry activities in violation of the Forest Conservation Act 1980 and the Wild Life (Protection) Act 1972.

The Supreme Court directed a time-bound encroachment eviction plan, rehabilitation where applicable, legal action against wilful violators, and post-eviction ecological restoration at the Agasthyamalai Biosphere Reserve

Based on inputs from the Forest Departments, field visits besides, and the previous Madras High Court orders pertaining to Megamalai, the CEC submitted its interim report on July 10, 2025, and the final report on January 16, 2026. The Court's latest directions were based on the contents of these reports. Five of its findings follow:

(i) Srivilliputhur-Megamalai Tiger Reserve: Around 4,595 individuals encroached 5,071.2 ha across Varusanadu, Megamalai, Gandamanur, and Chinnamanur, per 2020 records. The Theni district magistrate reported 4,601 encroachers had occupied 5,072.6 ha. The CEC also recorded 118 serving or retired government employees had encroached 15 ha.

(ii) Kalakad- Mundanthurai Tiger Reserve: Of the 3,388.6 ha of land leased to BBTCL – of the Wadia Group – roughly 3,300 ha had been handed over to the Forest Department in May 2025. The remaining 89.6 ha housed factories, offices, schools, common places with shops, weigh bridges, etc. Their dismantling was to be completed shortly. Another 10.1 hectares had been occupied by 99 families of workers involved in building the Papanasam Upper and Lower Dams in 1942.

(iii) Kanniyakumari Forest Division: Some 427.4 ha had been encroached by 553 persons, of which 217 ha by 47 persons was involved in court cases.

(iv) Periyar Tiger Reserve: About 700 non-tribal inhabitants have lived on tea estates in core areas since the early 20th century.

(v) Shendurney Wildlife Sanctuary: 1.3 ha had been occupied by tribal people in Kattilappara and Rosemala settlements.

Petitions dismissed

The apex court's new orders relate to appeals against the Madras High Court order denying the petitioners' claims about implementing FRA in Manjolai tea estate and rehabilitating evicted estate workers. The court subsequently extended the case's scope to cover ABR, inside which the estate is located.

The lease of the 3,388.7 ha of land leased to BBTCL for 99 years was set to expire in 2028. The Tamil Nadu government declared this land to be part of the critical tiger habitat of the Kalakkad Mundanthurai Tiger Reserve in 2007, notified it as reserve forest in 2018, and issued the eviction notice in 2023. BBTCL then initiated a voluntary retirement scheme for its workers.

These workers filed several PILs and writ petitions challenging the scheme as well as the State's actions, but the Madras High Court and the Supreme Court both dismissed them in 2024 and 2025.

One petition had contended that as the estate had been set up in 1929, the workers should be considered for forest claims under the FRA as 'other traditional forest-dwellers' fulfilling residence in the region for three generations. But the High Court declared these workers to be estate employees, not forest dwellers, and circumscribed them from the FRA's ambit.

Thus, the historical injustice continues.

(C.R. Bijoy examines natural resource conflicts and governance issues. cr.bijoy@gmail.com)

Key Issues & Critical Analysis

- **Violation of Statutory Safeguards:** Section 4(5) of the FRA strictly prohibits the eviction of forest dwellers until the claim recognition and verification process is fully completed.
- **Data Vacuum on Encroachment:** Authorities fail to segregate genuine FRA claims from illegal encroachments, rendering arbitrary eviction data suspect.
- **Misinterpretation of Legal Thresholds:**
  - **Residence Rule:** Courts often incorrectly require non-tribal dwellers (OTFDs) to prove 75-year (three generations) occupation of the *exact claimed parcel*, rather than residency in the *region* prior to December 13, 2005.
  - **Livelihood Exclusions:** FRA explicitly defines "bona fide livelihood needs" to include grazing and selling surplus produce, yet courts penalize commercial/agricultural activity uniformly.
- **Institutional & Judicial Failure:** The Ministry of Tribal Affairs (nodal body) has remained passive, while judicial orders have favored strict environmental laws over statutory rights, risking penal actions under the SC/ST (Prevention of Atrocities) Act, 1989.

Related Static Dimensions

- **Forest Rights Act (FRA), 2006:**
  - Vests individual rights (IFR) and community forest rights (CFR) on lands occupied before Dec 13, 2005.
  - **Gram Sabha** acts as the primary authority to initiate and verify claims before sub-divisional/district review.
- **Agasthyamalai Biosphere Reserve (ABR):**
  - Spans 3,500 sq. km across Tamil Nadu and Kerala.

- Key protected zones include Kalakkad-Mundanthurai Tiger Reserve, Srivilliputhur-Megamalai Tiger Reserve, and Periyar Tiger Reserve.

- **Central Empowered Committee (CEC):**
  - A body set up by the Supreme Court to monitor environmental enforcement under the Wild Life (Protection) Act, 1972 and Forest Conservation Act, 1980.

Conclusion

Conservation goals cannot supersede statutory human rights. State administrations must halt forced relocations, complete Gram Sabha-led claim verifications, and adopt a co-management model that balances ecological restoration with rights-based governance.

UPSC Prelims Exam Study Questions

Question: Section 4(5) **of the Forest Rights Act,** 2006 **is significant because it:**

A. Prohibits all commercial activities inside forests.

B. Restricts eviction of eligible forest-dwelling communities until the recognition and verification process is complete.

C. Transfers ownership of all forest land to Gram Sabhas.

D. Establishes the National Forest Rights Commission.

Ans:B)

UPSC Mains Exam Study Questions

Question:"Conservation cannot be sustainable when statutory rights of forest-dwelling communities are ignored." Examine in the context of the Forest Rights Act, 2006.**(10 Marks, 150 Words)**

Page 10 :GS III : Indian Economy / Preliminary Examination

The Taxation and Other Laws (Amendment) Bill, 2026 amends Section 10A of the Payment and Settlement Systems Act, 2007, giving the government legal authority to levy a Merchant Discount Rate (MDR) of 0.25%–0.5% on UPI transactions exceeding ₹2,000. While positioned as a targeted measure covering only ~5% of transaction volume, it encompasses nearly 65% of transaction value, sparking critical debates regarding digital economy policies and financial inclusion.

UPI and the cost of policy reversal

The government's proposal to allow an MDR of 0.25-0.5% on UPI transactions above ₹2,000 reverses a decade-long policy; taxing the payment rail could weaken incentives for banks and fintechs to invest in UPI while undermining its role in financial inclusion, formalisation and wider digital adoption

ECONOMIC NOTES

Parag Waknis

The government has just given itself the legal room to tax the very payment habit it spent a decade building. Tucked into the Taxation and Other Laws (Amendment) Bill, 2026, is an amendment to Section 10A of the Payment and Settlement Systems Act, 2007, which would allow the government to notify charges on specified electronic payment modes. The number being proposed is a Merchant Discount Rate (MDR) of 0.25-0.5% on UPI transactions above ₹2,000. The official stand is that this threshold would touch only about five per cent of transactions by volume, sparing the milk-and-vegetable payments that make up the bulk of UPI's use. But it would cover roughly 65% of transaction value, which is precisely why it matters.

This is not a small, technical fix. It runs counter to a decade-long policy commitment and deserves more scrutiny than it has received.


The official stand is that this threshold would touch only about five per cent of transactions by volume, sparing the milk-and-vegetable payments that make up the bulk of UPI's use. J. ALLEN EGENUSE

The policy reversal

Consider the arc. Demonetisation in November 2016 was justified, among other things, as a push towards a less-cash economy. UPI, launched earlier that year, became the vehicle for that push, and its zero-MDR regime was a deliberate subsidy to get merchants and consumers off cash. It worked spectacularly. UPI now processes more transactions each month than most of the world's card networks combined. Having successfully weaned the country away from cash and towards electronic payments, the government now wants to undercut the very success it engineered.

There seems to be a continued pattern of privileging one payment mode over others via policy. India has long taxed even credit cards. Credit card interest and fees attract 18% GST, making the use of credit cards unnecessarily costly. Taxing interest on revolving credit is unusual by international standards; most jurisdictions treat consumer credit interest as a private financial cost, not a taxable service. India taxes it as if using a credit card itself is a luxury.

Now UPI, the payment rail the government spent political capital promoting, is in line for similar treatment. The pattern suggests a need for a more coherent payments policy than giving in to the temptation to tax every transaction that can be observed.

There are at least two problems with this specific move beyond the optics.

Who really pays?

First, basic economic theory tells us that the person on whom a tax is levied and the person who actually bears its cost are not always the same. Moreover, UPI or any payments interface is a two-sided market, and taxing two-sided markets is genuinely tricky.

The MDR would nominally fall on merchants, as argued by the government, collected via banks and the National Payments Corporation of India's ecosystem. But whether that cost gets passed through to merchants, on to consumers, or absorbed by banks and payment service providers depends on competitive intensity on each side of the market. Banks and fintechs compete for merchant relationships and cannot easily raise prices without losing volume to a rival offering free UPI acceptance.

The more likely outcome is that intermediaries – the banks and PSPs that built and maintain the plumbing – absorb the cost, which erodes their incentive to invest in reliability, fraud prevention and expansion into underserved segments. A tax that cannot be reliably passed through does not disappear; it most likely shows up later as degraded service or slower innovation. This is completely counterintuitive if government is proposing this tax as necessary to fund the next stage of UPI growth.

Cost to inclusion

Second, UPI has done real work on financial inclusion at the margin. It has pulled informal transactions into a recorded, traceable digital trail – the very outcome that formalisation and tax-compliance advocates have wanted for years. There have also been attempts to provide credit based on the digital trail created by electronic payments. Every rupee that moves through UPI instead of cash is a rupee the financial institutions can eventually see and use to build a spending profile.

Charging the rail directly could undercut the incentive to use it, cutting against long-standing financial inclusion goals. The government does not need to raise revenue from every rupee that moves electronically; it needs those rupees to keep moving electronically, because that is what delivers the inclusion and compliance dividends it has been chasing since 2016.

Ideally, which payment mode to adopt should be an economic decision for participating actors. Factors such as the size of the business, consumer preferences, and relative cost of using alternative payment systems should determine their usage. Deliberate policy intervention and the current government's war on cash tilted the scales in favour of UPI. Taxing it now – however nominal or small – could change its usage patterns, and policymakers should not be surprised if one outcome is reduced UPI usage.

The proposal is being dressed up as a modest, targeted measure affecting only large-value transactions. But modest measures on payment rails have a way of expanding once the legal architecture exists. Section 10A, once amended, does not expire when this particular MDR proposal is shelved. The better outcome is for the government to leave the payments system alone, let UPI's network effects keep compounding, and find its revenue elsewhere.

(Parag Waknis, Professor & Head, Economics Department, SRM University AP)

THE GIST

- The proposed framework could allow payment charges to expand beyond the current MDR plan, creating a broader revenue lever once the legal architecture is in place.
- UPI's network effects depend on keeping digital payments cheaper and more convenient than cash, making any new cost a potential distortion in how businesses and consumers choose payment modes.

Deep Analysis: Key Issues & Economic Consequences

- **Policy Inconsistency & Shift in Strategy:**
  - Reverses a decade-long zero-MDR policy that successfully incentivised cash-to-digital migration post-demonetisation (2016).
  - Reflects a tendency to tax visible digital transactions (similar to 18% GST on credit card interest and fees), risking economic distortions across payment rails.

- **Two-Sided Market Dynamics & Tax Incidence:**
    - In a two-sided market (consumers and merchants), competitive pressures prevent banks and Payment Service Providers (PSPs) from easily passing costs onto merchants or consumers.
    - **Cost Absorption Hazard:** Intermediaries are likely to absorb the MDR tax, leading to reduced capital allocation for platform reliability, fraud mitigation, cybersecurity, and financial expansion.
- **Impact on Financial Inclusion &Formalisation:**
    - UPI's primary dividend is creating a verifiable digital trail for micro and small enterprises, enabling flow-based lending and broadening the direct tax base.
    - Taxing transaction rails incentivises a return to cash at the margin, weakening financial inclusion and digital credit profiling.
- **Market Distortion vs. Economic Efficiency:**
    - Payment mode selection should be driven by efficiency, business scale, and transaction cost rather than tax-induced distortions.
    - Once enabled legally under Section 10A, initial nominal rates risk expanding over time, diminishing compounding network effects.

Related Static Dimensions

- **Indian Economy & DPI:**
    - **Digital Public Infrastructure (DPI):** Public good vs. fee-for-service debate in maintaining public digital rails.
    - **Tax Economics:** Concepts of Tax Incidence, Deadweight Loss, and Revenue Elasticity in digital payments.
    - **Financial Inclusion:** Credit enablement via digital footprints and cash-to-digital migration mechanisms.
- **Governance & Policy:**
    - **Regulatory Predictability:** Policy stability and investor confidence in fintech and banking ecosystems.
    - **Statutory Frameworks:** Provisions under the *Payment and Settlement Systems Act, 2007* and *Income Tax Act*.

Conclusion

Levying charges on UPI transactions risks weakening the very digital habits, formalisation, and financial inclusion benefits built over a decade. While sustainable revenue models are necessary to fund infrastructure upgrades for banks and PSPs, policymakers should maintain UPI's zero-friction advantage as a public good and seek infrastructure funding through budgetary support or general tax buoyancy rather than taxing transaction rails directly.

UPSC Mains Practice Questions

Question: "India's digital payment ecosystem represents a public-good challenge: ensuring universal access while maintaining financial sustainability." Discuss in the context of UPI and MDR.**(10 Marks, 150 Words)**

Page 10 : GS III : Indian Economy / Preliminary Examination

The handloom sector in India is an economic backbone and a symbol of civilisational identity. Beyond its historic connection to the **Swadeshi Movement (1905)** and self-reliance, it remains a vital manufacturing enterprise. While often mischaracterized as a mere heritage craft, handloom acts as a rural economic stabilizer and an untapped vehicle for India's soft power.

Why does handloom remain a key part of India's economy?

The sector supports millions of livelihoods, but declining returns and fragmented markets threaten its future

Priyambada Jayakumar

The story so far:

From the Swadeshi Movement's boycott of British textiles to Mahatma Gandhi's adoption of the spinning wheel as a symbol of self-reliance, weaving became an instrument of economic resistance and national identity. National Handloom Day, marked on August 7, commemorates the launch of the Swadeshi Movement in 1905 and honours generations of Indian weavers.

A legacy beyond craft

Today's handloom sector is often viewed as a small artisanal activity – important culturally but peripheral economically. Long before the Industrial Revolution transformed manufacturing in Europe, India's handlooms were among the world's greatest industrial enterprises. Indian textiles travelled across continents, powered global trade and established India's reputation as one of history's foremost manufacturing economies. Handloom was the backbone of India's manufacturing strength and one of the foundations of its global influence.

The sector remains far more significant than it is generally acknowledged. It provides livelihoods to more than 35 lakh weavers and allied workers across over 31 lakh households, with women constituting nearly 70% of the workforce. It remains one of rural India's largest sources of non-farm employment while producing nearly 15% of the country's cloth despite relying largely on manual technology. Few manufacturing sectors create as many jobs with such modest capital investment.

While celebrated traditions continue to enjoy strong recognition, hundreds of lesser-known weaving traditions face gradual extinction. Younger generations are leaving the profession as returns diminish, markets remain fragmented and traditional skills are no longer transferred within families. Every disappearing weave represents not merely the loss of a product but the disappearance of centuries of accumulated knowledge, distinctive design vocabulary, and cultural identity. Therefore, protecting handloom heritage is not only an economic necessity but also our civilisational duty.

The government's recent policy and programme support seems to be making a difference. The National Handloom Development Programme has focused on skill development, design innovation, technology adoption, branding, and improved market access. Greater integration with e-commerce platforms and expanding export opportunities have enabled many artisan clusters to reach consumers who were previously inaccessible.

Several success stories illustrate what targeted intervention can achieve. The revival of *Tangaliya* weaving in Gujarat, the transformation of Badturang village in Odisha's Sambalpur district and the growing popularity of Siddipet *Gollabhama* sarees demonstrate that traditional crafts can thrive when design, market access and institutional support converge. It was more than just a fashion statement when Brad Pitt wore a handcrafted shirt in the traditional *Tangaliya* weave in the *F1* film.

The Office of the Development Commissioner for Handlooms, in collaboration with UNESCO, has initiated the identification and documentation of India's languishing and endangered weaves. This should be extended to every nook and corner of the country. This aligns with Textiles Secretary Neelam Shami Rao's focus on promoting India's rich, Geographical Indication (GI)-tagged handloom and handicraft products and strengthening their presence in domestic and international markets.

Making handloom aspirational

The next phase of policy must shift from preservation to aspiration. For younger consumers, especially Gen Z, handloom must become contemporary, fashionable, and aspirational rather than merely traditional. Celebrity ambassadors, collaborations with leading designers, limited-edition collections, digital storytelling, and partnerships with influencers can reposition India's weaves as premium lifestyle products. The objective should not be to celebrate handloom because it is old, but because it represents craftsmanship, sustainability, and exclusivity. Limited production should become a premium feature.

India must also think beyond domestic markets. The world increasingly values authenticity, sustainability, and handcrafted luxury – all areas where Indian handlooms enjoy a natural competitive advantage. Expanding exports, however, will require consistent quality standards, stronger branding, better GI protection, and vigilant action against cultural misappropriation.

Measuring the contribution

India should leverage its traditional weaves, which for some global markets are ancient imports, to build its soft power. Unlike most manufacturing sectors, India's handloom economy is inadequately measured. Policymakers need reliable data on its contribution to GDP, exports, tax revenues, employment and household incomes. Better measurement will enable better policy and allow the sector to be recognised for the economic value it already creates.

Similarly, establishing a national platform through which States, producer organisations and cooperatives can exchange successful practices would accelerate innovation across the sector.

Handloom is not a relic of India's past; it is a strategic asset for its future. Few sectors simultaneously generate rural employment, empower women, preserve cultural heritage, promote sustainability, and strengthen India's global brand. As the country pursues the vision of Viksit Bharat, handloom deserves to be viewed as a serious economic sector. The measure of success will be how many looms remain active, profitable, and capable of attracting the next generation of weavers.

(Priyambada Jayakumar is a historian, public speaker, handloom advocate, and the author of 'The Man Who Fed India')

Strategic Economic & Social Significance

- **Livelihoods & Rural Employment:** Second-largest employer after agriculture, supporting **~35 lakh weavers/allied workers** across 31+ lakh households. Nearly **90% of looms are rural**, curbing distress migration.
- **Gender Empowerment & Inclusivity:** Women constitute **over 70% of the workforce**, driving grassroots financial inclusion. The sector also employs significant populations from SC, ST, and OBC communities.
- **Capital-Light Output:** Generates high employment with minimal capital outlay while contributing **~15% of the nation's total cloth production**.

Key Challenges Facing the Sector

- **Diminishing Returns & Intergenerational Drift:** Low wages and long working hours push younger generations away, threatening centuries of design vocabulary and tacit skill transfer.
- **Fragmented Markets & Counterfeits:** Lack of direct market access leaves weavers reliant on middlemen. Powerloom products are illegally passed off as handloom, undercutting authentic artisans.
- **Inadequate Economic Measurement:** Handloom lacks precise data mapping regarding its direct contributions to GDP, exports, tax revenue, and household incomes.

Policy Interventions & Success Stories

- **Government Schemes:**
  - **National Handloom Development Programme (NHDP):** Drives skill development, e-commerce integration, and cluster development.
  - **Weaver MUDRA Scheme & Raw Material Supply Scheme:** Provides subsidized credit and discounted yarn access.
  - **GI Tagging & India Handloom Brand (IHB):** Protects regional identity (e.g., Tangaliya, Gollabhama) and ensures quality control.
- **Revival Case Studies:** Successful revivals like **Tangaliya weaving (Gujarat)** and **Siddipet Gollabhama sarees (Telangana)** prove that combining contemporary design with market linkage revives endangered crafts.

Related Static Dimensions

- **History & Culture:**
  - Swadeshi Movement (1905) and its economic nationalism.
  - Indian textiles in global trade history (Pre-Industrial Revolution prominence).
- **Indian Economy & Issues Relating to Planning/Mobilization):**
  - **MSME & Rural Non-Farm Sector:** Diversification of the rural economy away from agriculture.
  - **Intellectual Property Rights (IPR):** Geographical Indications (GI) under the *GI of Goods (Registration and Protection) Act, 1999*.
  - **Inland & Export Manufacturing:** Handloom's contribution to sustainable luxury and green textiles.

Conclusion

Handloom is not a relic of India's past but a strategic asset for its future. Repositioning handloom from a "charity-based craft" to an **aspirational, sustainable, premium industry** for Gen Z and global markets will transform it into an engine for **Viksit Bharat**. The sector's true success will be judged by whether weaving remains a profitable, dignified, and attractive career for future generations.

UPSC Prelims Exam Study Questions

Question: The Geographical Indications of Goods (Registration and Protection) Act, 1999 primarily provides protection for:

A. Individual inventions

B. Literary and artistic works

C. Goods associated with a particular geographical origin

D. Industrial designs only

Ans: C)

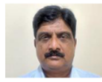
UPSC Mains Exam Study Questions

Question: Discuss the significance of India's traditional handloom and textile traditions in strengthening its cultural soft power.**(10 Marks, 150 Words)**

Page :08 : Editorial Analysis

English in India, a language that has earned its place

What makes a language Indian? A recent observation by the Supreme Court of India has revived the debate over whether English can be considered an indigenous language of India. The debate over the place of English in India has often been framed as a contest between English and Indian languages. Such a binary is both historically misleading and politically unhelpful. The promotion of Indian languages such as Hindi, Tamil, Telugu, Odia, Kannada, or Marathi need not – and should not – be predicated upon denying recognition or patronage to English. The future of India's linguistic diversity lies not in choosing one language over another but in nurturing multilingualism. English may not be an indigenous language in the same historical sense as Sanskrit or Tamil, yet, over two centuries, has acquired a legitimate claim to belong to India.



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A language transformed

The strongest objection to treating English as an Indian language is that it arrived with British colonialism. It was introduced to facilitate administration, commerce, missionary activity, and what the colonial rulers described as their civilising mission. In its early history, English undoubtedly served the interests of the Empire. Yet, languages cannot be permanently imprisoned by the circumstances of their arrival. Their identities are continually reshaped by the people who speak them. Once English entered India, Indians appropriated it, transformed it, and made it serve Indian aspirations rather than colonial objectives.

By the early 19th century, English had already become an instrument of Indian political and intellectual expression. In 1823, Raja Ram Mohan Roy and his associates submitted one of the earliest petitions in English defending the freedom of the Indian-language press in Calcutta. Later in the century, Dadabhai Naoroji marshalled his famous "Drain Theory" in English to expose the economic exploitation of India under British rule. Swami Vivekananda addressed educated India in English through his celebrated lecture, 'My Plan of Campaign', delivered in Madras in 1897. Mahatma Gandhi himself translated *Hind Swaraj* into English, recognising that the language could carry Indian ideas to both national and international audiences. To deny English a place in India is, in some measure, to overlook the contributions of generations of Indians who employed the language to articulate Indian nationalism, social reform, and cultural renaissance.

After Independence, India indeed found a place for English. The Constituent Assembly debates on the language question adopted a balanced resolution. Moved by K.M. Munshi and N. Gopalaswami Ayyangar, it recognised Hindi as the Official Language of the Union and retained English for official purposes. Over the subsequent decades, English has evolved into one of the principal languages of Indian academic and administrative domains, including but not limited to the legislature, the executive and the judiciary.

India has also recognised English as a language of Indian creativity. The Sahitya Akademi has treated English as one of the languages of Indian literature, conferring annual awards. Indian Writing in English has developed into one of the richest literary traditions in the postcolonial world. From R.K. Narayan, Mulk Raj Anand to Amitav Ghosh and Vikram Seth, Indian writers have demonstrated that English can express Indian experiences with authenticity, subtlety, and artistic distinction.

> English is no longer colonial and has evolved into a language, shaped by how Indians speak, think, and imagine themselves

Reach and scale

It is often argued that only a small section of Indians speak English. This is not exactly the case. The Census of 2011 reports that nearly 129 million Indians chose English as a first, second or third language. These numbers make India one of the largest English-speaking countries in the world. Nearly 2,60,000 people reported English to be their mother tongue. A whopping 83 million identified it as their second language. About 46 million spoke it as their third language. Scholars observe that the number of Indians who possess at least a functional knowledge of English may well have further increased to the range of 180 million to 250 million given the rapid expansion of English-medium education over the last decade. These statistics suggest that English has become the language of aspiration for a large segment of the Indian society.

As an aspirational people, Indians invest considerable effort and money in education. Nearly 31,000 schools affiliated to the Central Board of Secondary Education (CBSE) impart education primarily through English. So do the 3,000 schools which are affiliated to comparable boards such as the Council for the Indian School Certificate Examinations. Let us not forget that English is also the principal medium of education in all premier higher educational institutions of India.

In a wide range of professional fields that produce wealth and service, English has become the language through which India engages with the world. This is an advantage that India presently possesses over several other competing nations, and it would be wise for it to continue to invest its resources in further expanding the English language skills of Indians.

It also needs to be pointed out that India has Indianised English. Raja Rao spoke about it in the well-known Foreword to his novel *Kanthapura* way back in 1938. Just as Canada and Australia had fashioned their own versions of English, Rao felt, so would India. That prediction has been fully realised. Indian English today possesses its own pronunciation, vocabulary, idioms, and rhetorical conventions. It reflects Indian social realities and cultural sensibilities while remaining part of the larger global family of Englishes.

Taking root

This process of linguistic naturalisation is captured in V.K. Gokak's poem 'English Words': "O winged seeds! You crossed the furrowed seas/To nestle in the warm and silent earth./...You ripened into nectar in fruit-jars/That hung like clustered stars." Gokak's metaphor is striking. English words arrive as seeds from distant shores, but they do not remain foreign. They take root in Indian soil, acquire new life, and bear fruit that belongs as much to India as to anywhere else. A similar sensibility informs A.K. Ramanujan's 'Prayers to Lord Murugan', where an Indian poet employs English not as a borrowed medium but as a natural vehicle for expressing Indian mythology, philosophy, and devotion. Such works demonstrate that languages are ultimately shaped not by their origins but by the communities that inhabit them.

Ironically, many of the strongest advocates of Indian languages have themselves turned to English when addressing a pan-Indian or international audience. Kannada scholar and Jnanpith awardee V.K. Gokak argued for the unity of Indian literature through English in works such as *The Concept of Indian Literature* and *Pathways to the Unity of Indian Literature*.

Monolingualism has never been the historical reality of Indian society. India has always deeply cherished languages that Indians speak in their homes and among kith and kin. At the same time, they have spoken in other languages with considerable facility and comfort. English is not in competition with Hindi or Tamil. Rather it is a language that provides Indians with an already historically familiar bridge to connect with other language-speaking communities both within and beyond India.

It is not an important question, therefore, whether English is an indigenous language. It is not. More important is the realisation that through history and literature, constitutional practice and governance, and through everyday usage, English has earned the right to be regarded as one of modern India's own languages. It is useful to remember that English has long ceased to be the language of colonial rulers. It has evolved into one of the several languages in which Indians imagine themselves. Indian English belongs to India.

GS Paper II:Governance

UPSC Mains Exam Practice Questions: "India's constitutional language policy represents accommodation rather than linguistic uniformity." Examine.(**10Marks, 150 Words)**

Context :A recent observation by the Supreme Court of India regarding whether English can be considered an indigenous/Indian language has rekindled the national debate on language, education policy, and identity. In his analysis, Prof.

Y.L. Srinivas argues that framing language in India as a zero-sum binary—**English versus Indian languages**—is historically misleading and politically counterproductive. Rather than viewing English as a colonial hangover, Indian society has appropriated, naturalised, and transformed it into a vehicle for Indian aspirations and pan-Indian multilingualism.

Key Points of Analysis

- **Transformation from Colonial Tool to Instrument of Empowerment:**
  - **Historical Context:** While initially introduced by British rulers for administrative convenience, English was rapidly appropriated by Indian reformers and freedom fighters (e.g., Raja Ram Mohan Roy, Dadabhai Naoroji, Swami Vivekananda, and Mahatma Gandhi) to articulate Indian nationalism and expose colonial exploitation.
  - **Post-Independence Integration:** The Constituent Assembly adopted the Munshi-Ayyangar formula, designating Hindi as the Official Language while retaining English for official Union purposes, higher judiciary, and inter-state administration.
- **Demographics and Aspirational Value:**
  - **Reach and Scale:** According to Census 2011, nearly 129 million Indians spoke English as a 1st, 2nd, or 3rd language, making India one of the largest English-speaking populations globally.
  - **Socio-Economic Mobility:** English acts as a primary language of higher education, competitive examinations, research, technology, and global trade, functioning as a key driver of social mobility.
- **Linguistic Naturalisation and Creativity:**
  - **Indian English:** As predicted by novelist Raja Rao (1938), English in India has acquired its own unique rhythm, vocabulary, and idioms tailored to Indian social realities.
  - **Literary Recognition:** Recognized by the Sahitya Akademi, Indian Writing in English (e.g., R.K. Narayan, Amitav Ghosh) showcases that English can authentically express Indian ethos, mythology, and cultural nuance.
- **Multilingualism over Monolingual Binary:**
  - Modern Indian society thrives on additive multilingualism. English does not displace regional tongues (such as Tamil, Telugu, Hindi, or Marathi); instead, it serves as a pragmatic bridge across diverse linguistic groups internally and internationally.

Related Static Dimensions

1. Indian Society & Cultural Pluralism

- **Multilingual Unity:** Language in India acts as an axis of identity. Promoting regional languages under the National Education Policy (NEP) 2020 and recognizing Indian English are complementary, supporting India's pluralistic composite culture (*Ganga-Jamuni Tehzeeb*).

2. Constitutional & Legal Framework

- **Article 343 & Official Languages Act, 1963:** Regulates the official language of the Union and the continued associate status of English.
- **Article 348:** Mandates the use of English in the Supreme Court and High Courts until Parliament legislates otherwise.
- **Eighth Schedule:** Contains 22 recognized languages (English is currently not included, though demands for inclusion or constitutional re-evaluation persist).
- **Three-Language Formula:** Formulated by the Kothari Commission (1968) and reaffirmed in NEP 2020 to promote mother tongue/regional language instruction while maintaining link languages.

3. Education, Human Capital, and Economy

- **Service Sector Edge:** India's large English-proficient workforce provides a competitive global advantage in IT, ITES, pharmaceuticals, and international consulting.
- **Equity in Education:** Expanding quality language education (both regional languages and functional English) reduces the urban-rural divide in employment opportunities.

Conclusion

Language is defined not merely by its geographic origin, but by the community that inhabits and transforms it. Over two centuries, English in India has evolved from an instrument of imperial rule into a vibrant medium of modern Indian self-expression, governance, and economic empowerment. Rather than enforcing a rigid dichotomy between indigenous tongues and English, India's linguistic strategy must focus on **nurturing robust multilingualism**—preserving regional heritage while retaining the global bridge that Indian English provides.