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Daily News Analysis

The Hindu Important News Articles For UPSC CSE

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No: 1521, Second Floor, H-Block, 5th Street, Anna Nagar, Chennai-40.

Ph: +91 8754543687, www.gurukulamias.in

Page 05: GS II : Indian Polity / Preliminary Examination

The Rajya Sabha recently considered and returned the **Appropriation (No. 3) Bill, 2026**. This Money Bill authorizes the retrospective regularisation of ₹54,067 crore spent during the 2022–23 financial year from the Consolidated Fund of India.

Key Dimensions & News Analysis

- **Breakdown of Excess Spending:**
  - **Debt Repayment:** ₹53,871 crore was utilized for redeeming government securities (no net fiscal impact).
  - **Judicial Orders:** ₹196.44 crore was allocated to satisfy a court judgment involving the Ministry of Railways.
- **Scrutiny by Public Accounts Committee (PAC):** These excess demands were pre-examined by the PAC and detailed in its 39th Report presented to the Lok Sabha in April.
- **Financial Assistance to J&K and Ladakh:**
  - The Union Government directly pays ~₹13,000 crore annually for J&K Police salaries and pensions.
  - Granted an additional ₹5,000 crore annually for FY 2024–25 and FY 2025–26 alongside restructuring J&K's debt and clearing Ladakh's debt.

RS clears Appropriation Bill for expenditure of ₹54,067 crore

The Hindu Bureau
NEW DELHI

Amid protests and a walkout by Opposition members demanding the presence of Union Home Minister Amit Shah in the House, the Rajya Sabha on Thursday considered and returned the Appropriation Bill, 2026 that allows the expenditure of around ₹54,067 crore incurred during the 2022-23 financial year.

Replying to a brief discussion on the Bill, Union Finance Minister Nirmala Sitharaman said the excess expenditure arose under two heads and had already been examined by the Public Accounts Committee (PAC). She noted that the demands formed part of the PAC's 39th Report, which was presented to the Lok Sabha in April.

Ms. Sitharaman said an excess demand of ₹196.44 crore stemmed from a court order relating to the Ministry of Railways, while the larger demand of ₹53,871 crore was towards debt repayment.

Responding to a demand for greater financial assistance to Jammu and Kashmir, the Finance Minister said the Centre bears the entire salary and pension of Jammu and Kashmir Police, amounting to approximately ₹13,000 crore annually.

"We paid back the entire debt of Ladakh and after taking care of readjustments, restructured J&K's debt. Also, for the years 2024-25 and 2025-26, an additional amount of ₹5,000 crore each year has been given, over and above the revised estimates of their budgets, to make sure the urgent requirements of the J&K administration [are met] and it is not left without anybody's support," Ms. Sitharaman said.

Related Static Concept: Appropriation Bill & Excess Grant

- **Appropriation Bill (Article 114):**
  - Mandates that no money can be withdrawn from the **Consolidated Fund of India (CFI)** without parliamentary authorization.
  - Classified as a **Money Bill (Article 110)**; Rajya Sabha cannot amend or reject it, only return it within 14 days.
- **Demand for Excess Grants (Article 115):**
  - Triggered when money spent on a service during a financial year exceeds the amount granted for that service in the budget.
  - **Prerequisite:** Must be vetted by the Public Accounts Committee (PAC) before submission to Parliament for voting in the Lok Sabha.

Conclusion

The passage of the Appropriation Bill reflects the constitutional mechanism of parliamentary control over public finance, ensuring strict scrutiny by the PAC while regularizing essential national and regional expenditures.

UPSC Prelims Practice Questions

Question: Which of the following Committees is primarily responsible for examining excess expenditure incurred by the Government after it has been audited by the CAG?

A. Estimates Committee

B. Committee on Public Undertakings

C. Public Accounts Committee (PAC)

D. Business Advisory Committee

Ans: A)

UPSC Mains Practice Questions

Question: Examine the constitutional provisions relating to Appropriation Bills and Excess Grants. How do they strengthen financial accountability in India?**(10 Marks, 150 Words)**

Page 08 :GS III : Internal Security

The Directorate General of Maritime Administration (DGMA) issued a critical advisory cautioning against rising cyberthreats targetting Indian ports as they rapidly digitize and automate. With the integration of Information Technology (IT) and Operational Technology (OT) networks, modern ports are increasingly exposed to malware, ransomware, and unauthorized breaches.

Key Highlights of the Advisory

- **Vulnerable Operational Assets:** Systems like Terminal Operating Systems (TOS), Vessel Traffic Management Systems (VTMS), cargo infrastructure, and surveillance networks face significant risks.
- **ISPS Code Alignment:** Mandates integrating cybersecurity risk assessments into existing Port Facility Security Assessments (PFSA) and Port Facility Security Plans (PFSP).
- **Resilience & Testing:** Recommends continuous backup testing, disaster recovery simulations, and regular threat awareness drills for Port Facility Security Officers (PFSOs).

Strategic & Economic Impact for India

- **Supply Chain Disruptions:** Over 90% of India's trade by volume moves via maritime transport. A cyber incident halting port operations can ripple across national supply chains, causing inflation and economic loss.
- **Geopolitical Vulnerability:** Maritime assets are designated Critical Information Infrastructure (CII). State-sponsored cyber warfare against major trade hubs poses a direct threat to sovereignty.

Related Static Dimensions (UPSC Core Integration)

- **International Frameworks:**
  - **ISPS Code:** Developed under the International Maritime Organization (IMO) SOLAS Convention (1974) to manage maritime security threats.
  - **IMO Resolution MSC.428(98):** Mandates maritime cyber risk management integration into safety management systems.
- **Institutional Architecture in India:**
  - **NCIIPC (National Critical Information Infrastructure Protection Centre):** Protects strategic maritime infrastructure under the IT Act, 2000 (Section 70A).

Access paradox

Private medical education widens access, but affects affordability

The scope of medical education in India has expanded so rapidly that it raises important questions about access to it. The number of seats has nearly tripled in 12 years, thanks in part to the government's push to improve access to health care, entailing infrastructure upgrades and simplified regulations. However, much of the growth has been happening in the private sector, in addition to new government colleges attached to district hospitals. This year, for the first time, private institutions host more than half of all MBBS seats. Of the roughly 10,000 new seats, 79% are in such institutions, a sign that growth in the near future will remain concentrated thus. The increase in seats is, in and of itself, commendable as India's students still compete fiercely for MBBS seats even as health-care centres suffer a debilitating shortage of specialist practitioners. Thousands of students also seek education abroad. Therefore, expanding domestic 'capacity' is a natural response and the rising number of seats ought to relieve the bottleneck and keep talent at home.

But problems abound. Whereas an MBBS seat in a government college rarely exceeds ₹5 lakh for the full term, that in a private institution can cost 10 times more, sustained in part by the unflagging demand for health care. These institutions' commercial viability is clustered in specific geographies, especially in tier-I and -II cities in the more prosperous States, where incomes are higher. Unless their students deliberately fan out after graduation, their skills also become concentrated in these clusters, whereas the paucity of health-care providers is felt more keenly in the rural areas farther away. Rapid growth also raises the risk of highly uneven quality, with institutions seeking to secure NMC accreditation with the bare minimum of facilities rather than mindfully addressing local needs. 'Capitation fees', which persist despite government bans, create new debt that can influence behaviour after graduation. Finally, sans competitive salaries, housing and schools, and assured career progression, graduates gravitate to private practice or abroad. Paradoxically, then, the surge in private capacity obligates the government to keep adding capacity, including opening new AIIMS-like institutions, so the number of cheap seats also keeps increasing. The NMC's rule of having half of all private institution seats be charged at government rates should be enforced; the NMC should also embrace mechanisms that support surprise inspections and the ability to inspect records without institutions' permission. Finally, beyond compelling rural service, governments should reward it, in addition to ensuring that the daily needs of rural health-care workers and their families and of hospitals are both well-met.

- **CERT-In (Indian Computer Emergency Response Team):** Coordinates incident response across strategic sectors.
- **National Cyber Security Policy:** Framework to strengthen cyber resilience across critical assets.

Key Challenges

- **IT-OT Convergence Risks:** Older physical operational machinery connected to modern IP-based networks lacks built-in security features.
- **Third-Party Vendor Exposure:** Supply chain security remains vulnerable to external logistics contractors accessing port portals.
- **Skill Deficit:** Shortage of specialized cyber-maritime professionals trained to handle combined operational and digital security.

Way Forward

- Implement strict network segmentation separating operational systems (OT) from administrative networks (IT).
- Conduct mandatory, periodic zero-trust architecture audits across major and non-major ports.
- Align port security measures with the National Cybersecurity Strategy to establish standard reporting protocols.

Conclusion

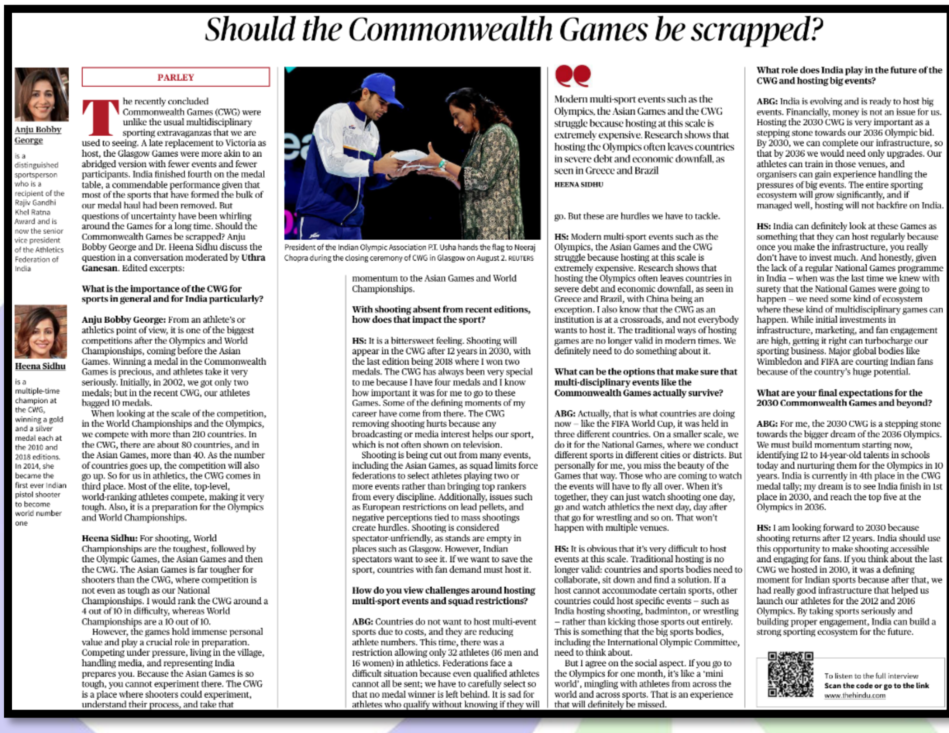
As India accelerates its maritime sector modernization under the **Sagarmala Programme**, maritime security must expand beyond physical perimeter defence to comprehensive digital resilience. Integrating robust cybersecurity protocols into everyday port administration is essential to safeguard national trade, ensure economic continuity, and secure critical infrastructure against evolving cyber warfare.

UPSC Mains Practice Questions

Question: India's ports are increasingly becoming part of the country's Critical Information Infrastructure (CII). Examine the cyber threats they face and suggest a comprehensive strategy to strengthen maritime cyber resilience.**(10 Marks, 150 Words)**

Page 09 : GS II : Governance

The scaled-down Glasgow Commonwealth Games has revived debate over the long-term viability of multi-sport mega-events. With rising financial costs and dwindling global bidders, the CWG faces an existential crisis, raising the pivotal question: **Should the Commonwealth Games be scrapped, or reformed?**



Should the Commonwealth Games be scrapped?

Anju Bobby George is a distinguished sportsperson who is a recipient of the Rajiv Gandhi Khel Ratna Award and is now the senior vice president of the Athletics Federation of India

Heena Sidhu is a multiple-time champion at the CWG, winning a gold and a silver medal each at the 2010 and 2018 editions. In 2014, she became the first ever Indian pistol shooter to become world number one

PARLEY

The recently concluded Commonwealth Games (CWG) were unlike the usual multidisciplinary sporting extravaganzas that we are used to seeing. A late replacement to Victoria as host, the Glasgow Games were more akin to an abridged version with fewer events and fewer participants. India finished fourth on the medal table, a commendable performance given that most of the sports that have formed the bulk of our medal haul had been removed. But questions of uncertainty have been whirling around the Games for a long time. Should the Commonwealth Games be scrapped? Anju Bobby George and Dr. Heena Sidhu discuss the question in a conversation moderated by **Uthra Ganesan**. Edited excerpts:

What is the importance of the CWG for sports in general and for India particularly?

Anju Bobby George: From an athlete's or athletics point of view, it is one of the biggest competitions after the Olympics and World Championships, coming before the Asian Games. Winning a medal in the Commonwealth Games is precious, and athletes take it very seriously. Initially, in 2002, we got only two medals; but in the recent CWG, our athletes bagged 10 medals.

When looking at the scale of the competition, in the World Championships and the Olympics, we compete with more than 210 countries. In the CWG, there are about 80 countries, and in the Asian Games, more than 40. As the number of countries goes up, the competition will also go up. So for us in athletics, the CWG comes in third place. Most of the elite, top-level, world-ranking athletes compete, making it very tough. Also, it is a preparation for the Olympics and World Championships.

Heena Sidhu: For shooting, World Championships are the toughest, followed by the Olympic Games, the Asian Games and then the CWG. The Asian Games is far tougher for shooters than the CWG, where competition is not even as tough as our National Championships. I would rank the CWG around a 4 out of 10 in difficulty, whereas World Championships are a 10 out of 10.

However, the games hold immense personal value and play a crucial role in preparation. Competing under pressure, living in the village, handling media, and representing India prepares you. Because the Asian Games is so tough, you cannot experiment there. The CWG is a place where shooters could experiment, understand their process, and take that momentum to the Asian Games and World Championships.

President of the Indian Olympic Association P.T. Usha hands the flag to Neeraj Chopra during the closing ceremony of CWG in Glasgow on August 2. REUTERS

With shooting absent from recent editions, how does that impact the sport?

HS: It is a bittersweet feeling. Shooting will appear in the CWG after 12 years in 2030, with the last edition being 2018 where I won two medals. The CWG has always been very special to me because I have four medals and I know how important it was for me to go to these Games. Some of the defining moments of my career have come from there. The CWG removing shooting hurts because any broadcasting or media interest helps our sport, which is not often shown on television.

Shooting is being cut out from many events, including the Asian Games, as squad limits force federations to select athletes playing two or more events rather than bringing top rankers from every discipline. Additionally, issues such as European restrictions on lead pellets, and negative perceptions tied to mass shootings create hurdles. Shooting is considered spectator-unfriendly, as stands are empty in places such as Glasgow. However, Indian spectators want to see it. If we want to save the sport, countries with fan demand must host it.

How do you view challenges around hosting multi-sport events and squad restrictions?

ABG: Countries do not want to host multi-event sports due to costs, and they are reducing athlete numbers. This time, there was a restriction allowing only 32 athletes (16 men and 16 women) in athletics. Federations face a difficult situation because even qualified athletes cannot all be sent; we have to carefully select so that no medal winner is left behind. It is sad for athletes who qualify without knowing if they will go. But these are hurdles we have to tackle.

> Modern multi-sport events such as the Olympics, the Asian Games and the CWG struggle because hosting at this scale is extremely expensive. Research shows that hosting the Olympics often leaves countries in severe debt and economic downfall, as seen in Greece and Brazil
>
> HEENA SIDHU

HS: Modern multi-sport events such as the Olympics, the Asian Games and the CWG struggle because hosting at this scale is extremely expensive. Research shows that hosting the Olympics often leaves countries in severe debt and economic downfall, as seen in Greece and Brazil, with China being an exception. I also know that the CWG as an institution is at a crossroads, and not everybody wants to host it. The traditional ways of hosting games are no longer valid in modern times. We definitely need to do something about it.

What can be the options that make sure that multi-disciplinary events like the Commonwealth Games actually survive?

ABG: Actually, that is what countries are doing now – like the FIFA World Cup, it was held in three different countries. On a smaller scale, we do it for the National Games, where we conduct different sports in different cities or districts. But personally for me, you miss the beauty of the Games that way. Those who are coming to watch the events will have to fly all over. When it's together, they can just watch shooting one day, go and watch athletics the next day, day after that go for wrestling and so on. That won't happen with multiple venues.

HS: It is obvious that it's very difficult to host events at this scale. Traditional hosting is no longer valid: countries and sports bodies need to collaborate, sit down and find a solution. If a host cannot accommodate certain sports, other countries could host specific events – such as India hosting shooting, badminton, or wrestling – rather than kicking those sports out entirely. This is something that the big sports bodies, including the International Olympic Committee, need to think about.

But I agree on the social aspect. If you go to the Olympics for one month, it's like a 'mini world', mingling with athletes from across the world and across sports. That is an experience that will definitely be missed.

What role does India play in the future of the CWG and hosting big events?

ABG: India is evolving and is ready to host big events. Financially, money is not an issue for us. Hosting the 2030 CWG is very important as a stepping stone towards our 2036 Olympic bid. By 2030, we can complete our infrastructure, so that by 2036 we would need only upgrades. Our athletes can train in those venues, and organisers can gain experience handling the pressures of big events. The entire sporting ecosystem will grow significantly, and if managed well, hosting will not backfire on India.

HS: India can definitely look at these Games as something that they can host regularly because once you make the infrastructure, you really don't have to invest much. And honestly, given the lack of a regular National Games programme in India – when was the last time we knew with surety that the National Games were going to happen – we need some kind of ecosystem where these kind of multidisciplinary games can happen. While initial investments in infrastructure, marketing, and fan engagement are high, getting it right can turbocharge our sporting business. Major global bodies like Wimbledon and FIFA are courting Indian fans because of the country's huge potential.

What are your final expectations for the 2030 Commonwealth Games and beyond?

ABG: For me, the 2030 CWG is a stepping stone towards the bigger dream of the 2036 Olympics. We must build momentum starting now, identifying 12 to 14-year-old talents in schools today and nurturing them for the Olympics in 10 years. India is currently in 4th place in the CWG medal tally; my dream is to see India finish in 1st place in 2030, and reach the top five at the Olympics in 2036.

HS: I am looking forward to 2030 because shooting returns after 12 years. India should use this opportunity to make shooting accessible and engaging for fans. If you think about the last CWG we hosted in 2010, it was a defining moment for Indian sports because after that, we had really good infrastructure that helped us launch our athletes for the 2012 and 2016 Olympics. By taking sports seriously and building proper engagement, India can build a strong sporting ecosystem for the future.

To listen to the full interview
Scan the code or go to the link
www.thehindu.com

Core Analysis: Critical Issues and Strategic Imperatives

- **Economic Viability & Financial Strain:** Hosting traditional multi-sport events often causes severe fiscal strain and long-term debt due to underutilized infrastructure ("White Elephants"), as seen in past Olympic hosts.
- **Dropping Core Disciplines & Squad Restrictions:** To manage budgets, host cities are capping athlete quotas and excluding key medal-heavy sports like shooting, wrestling, and badminton, eroding the competitive standard of the Games.
- **Psychological & Developmental Value for Athletes:** Despite lower technical difficulty compared to World Championships, CWG serves as an essential stepping-stone for athletes to experience village life, handle media pressure, and test strategies before the Asian Games and Olympics.
- **The Decentralized Co-Hosting Model:** A sustainable alternative involves multi-city or multi-nation hosting (similar to FIFA events) or allowing sport-specific regional hosting (e.g., India hosting shooting or wrestling events).

Static & Policy Dimensions

- **Governance & Soft Power:** Sports diplomacy serves as a instrument of soft power projection. India's strategic utilization of CWG 2030 in Ahmedabad supports its bid for the **2036 Olympic Games**.
- **Economic Development & Infrastructure:** Sports infrastructure development aligns with government initiatives such as **Khelo India** and **FIT India Movement**. Capital expenditure on sustainable sports hubs creates long-term urban utility.

Conclusion

Rather than scrapping the Commonwealth Games, sports bodies must reform the event through cost-sharing, multi-country hosting, and flexible discipline selection. For India, strategic engagement with CWG acts as a crucial catalyst for building world-class infrastructure, nurturing youth talent, and establishing the nation as a global sporting superpower.

UPSC Prelims Exam Study Questions

Question: The term "White Elephant Infrastructure", often used in discussions on mega sporting events, refers to:

A. Eco-friendly sports stadiums.

B. Infrastructure that becomes economically unsustainable or underutilized after the event.

C. Temporary sports facilities built using recyclable materials.

D. Heritage sports venues protected by UNESCO.

Ans:B)

UPSC Mains Exam Study Questions

Question:"Sports diplomacy has emerged as an important instrument of soft power in contemporary international relations." Discuss with reference to India's sporting ambitions.**(10 Marks, 150 Words)**

Page 08 : GS III : Indian Economy / Preliminary Examination

The Indian gold market is undergoing a structural paradigm shift, moving from a traditional cultural commodity to a modern financial asset. As highlighted by recent trends, despite record-high gold prices, households are choosing to **pledge gold for loans** rather than sell it, while **financial gold** (ETFs, bars, coins) is steadily outpacing traditional jewellery demand.

Why are households pledging gold instead of selling it?

How are rising prices reshaping India's traditional appetite for gold jewellery?

Santosh V. Perumal

The story so far:

For centuries, gold has had a prime position in India's economic and social landscape. Gold has proved its timeless appeal, but global uncertainties and their disruptions have led to a structural change in its holding pattern in India, exhibiting a dual-track economy, one steeped in tradition (as wedding and festival buying to provide seasonal support) and another shaped by modern portfolio management.

How is the demand pattern for gold changing?

India's overall gold demand was up 2% year-on-year (YoY) to 282 tonnes in the first half (H1) of this year, driven by investment demand as ETFs hit a record high; while jewellery demand declined 17.1% to 141.2 tonnes (also the second-lowest first quarter or Q1 on record since 2000), according to the World Gold Council (WGC) data.

In the second quarter (Q2) alone, India's overall gold demand was down 6% YoY to 131.4 tonnes, with jewellery demand (30% of overall gold demand, the lowest since the WGC began tracking the data in 2000) falling faster at 15% to 75.1 tonnes, the second-lowest in Q2 since 2000. India was the world's largest gold jewellery market in the quarter, accounting for 27% of global demand, WGC data suggest.

Investment demand was seen softening in Q2 to 54 tonnes but was higher than the long-term quarterly average of 49 tonnes, hinting at above-average demand and pointing towards sustained investment interest.

Q1 was a record for Indian gold ETFs, with net demand of 20 tonnes, driven by strong investor participation amid elevated gold prices and subdued domestic financial markets. Similarly, bars and coins saw a 21.3% and 105.5% surge in volume and value, respectively, in H1FY27.

Is investment gold overtaking jewellery?

The shift in allegiance to investment instruments such as ETFs, gold bars, and coins is palpable as the price of the yellow metal increased more than fivefold in the last 10 years, against India's national average (economic growth), and is seen favourably from a current account perspective.

According to IIFL's Capital Outlook 2026, the Reserve Bank of India (RBI), in 2025, stepped up gold purchases just as global gold prices rallied sharply.

The combination (household gold and the RBI purchases) helped cushion the impact of rupee depreciation and strengthened India's external balance at a time when foreign portfolio flows were under pressure, it said.

Affordability pressures pushed jewellery demand down. Yet, consumers' gold purchases hit a record ₹1.98 lakh crore, reflecting the extraordinary jump in prices.

The domestic MCX spot gold price was broadly flat in Q2FY27, supported by the import duty hike and the rupee depreciation (down by 4% QoQ). Even with this quarterly moderation, the domestic prices remained substantially higher than a year earlier. To put it in perspective, 10 grams of gold jewellery bought in 2016 for about ₹28,000 and more than ₹89,000 in H1 last year would cost ₹1.5 lakh or more in 2026.

Given the scenario, jewellery's monopoly as the preferred form of ownership started slowly fading, while financial gold made inroads and gained legitimacy among urban and younger investors, who preferred gold bars, coins and ETFs, which are seen as better investment vehicles.

The rising popularity of investment gold comes amid a previous unsuccessful attempt by the government to encash it, although India has one of the world's largest private gold stocks.

The Gold Monetisation Scheme, introduced in 2015, was designed to mobilise idle household gold by allowing individuals and institutions to deposit gold with banks and earn interest. But was met with lacklustre performance due to taxation concerns and procedural complexities.

Why are households pledging gold instead of selling it?

The apparent contradiction in India's gold market – falling jewellery demand but rising investment appetite – is now accompanied by a third trend as households increasingly use the existing gold holdings as collateral.

According to the WGC, outstanding retail bank loans backed by pledged gold jewellery reached around ₹4.3 lakh crore by February 2026, rising 124% YoY.

The broader banking system has also seen an extraordinary acceleration in gold-backed lending, with gold loan portfolios reaching about ₹5.4 lakh crore by June 2026, registering close to 94% YoY growth. Despite domestic gold prices being around 60% higher YoY, holders showed limited appetite to sell, preferring to monetise their gold holdings rather than liquidate them, keeping recycled supply "muted", according to WGC.

The rapid expansion of gold loans needs careful monitoring in view of financial vulnerabilities it can create.

The RBI strengthened its regulation to promote responsible lending, as it mandated borrowers to make full repayment of the principal and interest before repledging the asset.

What is next?

India's huge household gold stock can evolve from a passive store of wealth into an active financial asset, which could ease some of the traditional pressure that gold imports place on the current account.

Time is not too far for India's financial markets to see a better combination of monetisation schemes, financial innovation, recycling, market reforms and digital transparency for unlocking the huge pile of privately held gold.

Key Drivers of the Structural Shift

- **Pledging over Liquidation (The Monetization Preference):**
  - **Emotional & Asset Security:** Gold in India carries immense sentimental and generational value. Households treat it as an emergency liquidity cushion rather than a disposable asset.
  - **Surge in Gold Loans:** Outstanding gold loans in the formal banking sector crossed ₹5.4 lakh crore by mid-2026 (a nearly 94% YoY growth). Soaring gold prices allow households to secure larger loan amounts against the same weight.
- **Affordability vs. Investment Realities:**
  - **Declining Jewellery Demand:** Sharp price escalation (from ~₹28,000/10g in 2016 to over ₹1.5 lakh/10g in 2026) has created severe affordability pressures, driving jewellery demand to historic lows.
  - **Rise of Financial Gold:** Urban and younger investors increasingly prefer gold ETFs, digital gold, and coins over jewellery due to lower making charges, absence of storage risk, high liquidity, and purity assurance.
- **Macroeconomic Anchoring & Sovereign Balance:**
  - **Reserve Bank Cushion:** Increased gold purchases by the RBI, combined with massive household gold stocks, act as an economic shock absorber against rupee depreciation and foreign portfolio investment (FPI) outflows.

Key Regulatory & Systemic Challenges

- **Systemic Risk in Gold Lending:** Rapid expansion in gold-backed loans poses credit risks if gold prices experience a sharp sudden correction. In response, the RBI has tightened norms, enforcing mandatory full settlement before repledging.
- **Failure of Physical Monetization:** Schemes like the Gold Monetization Scheme (GMS 2015) remain underutilized due to procedural hurdles, fear of tax scrutiny, and cultural reluctance to melt heirloom jewellery.

Static Dimensions

- **Current Account Deficit (CAD):** India is one of the world's largest importers of gold. High gold imports strain foreign exchange reserves and widen the CAD. Monetizing domestic idle gold helps curb import dependence.
- **Financialization of Household Savings:** Transitioning household savings from physical assets (gold, real estate) to financial assets (ETFs, mutual funds) improves capital formation in the formal economy.
- **Inflation Hedge & Macro-Stability:** Gold acts as a zero-counterparty risk asset and a natural hedge against systemic inflation and currency volatility.

Conclusion

India's massive, privately held household gold reserve is transitioning from a passive store of value into an active financial instrument. To fully unlock this potential without overexposing the banking sector to risk, India needs robust digital transparency, simplified monetization frameworks, and deeper integration between physical gold reserves and formal capital markets.

UPSC Prelims Practice Questions

Question: Which one of the following best explains the term financialization of household savings?

A. Increase in government expenditure through public borrowing.

B. Shift in household savings from physical assets to financial instruments.

C. Increase in corporate taxation.

D. Expansion of foreign direct investment.

Ans: B)

UPSC Mains Practice Questions

Question: "India's gold economy is witnessing a transition from a cultural asset to a financial asset." Discuss its implications for the economy and financial sector.**(10 Marks, 150 Words)**

Page 11: GS III : Environment/ Preliminary Examination

The Supreme Court of India recently clarified that its February 2024 interim directive—requiring prior approval from the Standing Committee of the National Board for Wildlife (SC-NBWL) or MoEFCC for mining within a **10-km radius** of the **Asan Wetland Conservation Reserve**—applies to all similar wetland conservation reserves nationwide for the sake of parity.

Key Clarifications & Impact

- **Judicial Safeguard Extension:** The ruling prevents regulatory arbitrage across state boundaries (e.g., contiguous Himalayan terrain between Uttarakhand and Himachal Pradesh).
- **Heightened Scrutiny:** Project proponents must seek explicit wildlife/environmental clearances from central authorities before commencing mining within 10 km of designated wetland reserves.
- **Impact on Extraction:** Sand mining and quarrying near riverine wetland beds will face tighter judicial oversight, safeguarding aquatic hydrology and migratory bird corridors.

Significance of Asan Wetland Reserve

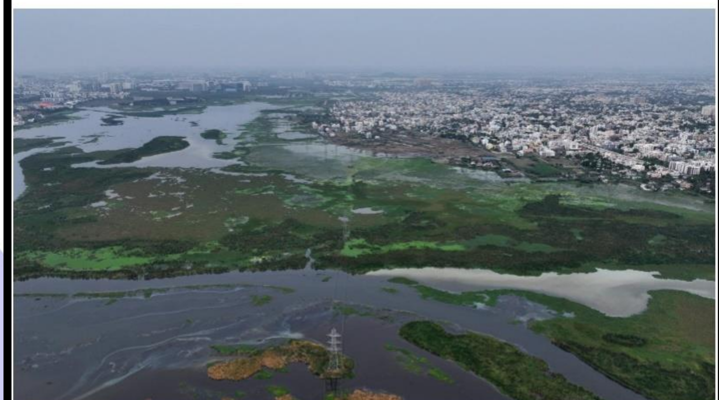
- **Ecological Value:** Situated at the confluence of the Asan and Yamuna rivers in Uttarakhand, it was designated as Uttarakhand's first **Ramsar Site in 2020**.
- **Biodiversity Hub:** Serves as a vital wintering ground for trans-Himalayan migratory waterfowl.

Static Dimensions & Statutory Framework

- **Statutory Buffer Gap:** Neither the international Ramsar Convention (1971) nor India's **Wetlands (Conservation and Management) Rules, 2017** mandate a fixed statutory buffer zone or explicit distance-based mining ban around wetlands.
- **Shift from 2010 to 2017 Rules:** The 2010 Rules contained explicit central prohibitions (reclamation, industrial dumping, hazardous activities) within a "zone of influence." The 2017 Rules decentralized powers to State Wetland Authorities (SWAs), removing explicit prohibited activity lists—a shift currently under challenge in the Supreme Court.

Comparison of Mining Restrictions Near Protected Areas

EXPLAINER



The Asan Wetland Conservation Reserve lies at the confluence of the Asan and Yamuna rivers in Uttarakhand and was designated a Ramsar site in 2020.

How will the Supreme Court order impact mining around Ramsar wetland sites?

What did the Supreme Court clarify on mining near wetlands? What is the significance of the Asan Wetland Conservation Reserve? Do Ramsar sites have a statutory buffer zone for mining? How do mining restrictions near protected areas differ?

Jacob P Koshy

The story so far:

The Supreme Court has clarified that its February 2024 direction, requiring prior approval before mining can take place within a 10-km radius of the Asan Wetland Conservation Reserve, would, for the sake of parity, apply to wetland conservation reserves across the country. The clarification potentially extends a judicial safeguard that was earlier confined to the Asan Ramsar site in Uttarakhand to similarly notified wetland conservation reserves elsewhere.

What prompted the Supreme Court to dwell on this question?

The clarification arose while the Supreme Court was hearing an application from the Himachal Pradesh government. The State argued that the February 14, 2024 interim order concerning the Asan Wetland Conservation Reserve in Uttarakhand should not automatically apply to it because the Asan reserve was not located within Himachal Pradesh and, unlike national parks and wildlife sanctuaries, wetland conservation reserves do not have a statutory buffer zone.

The Bench, headed by Chief Justice of India Surya Kant, orally clarified that the principle laid down in the Asan case was not confined to Uttarakhand. Justice Joymalya Bagchi observed that wherever there is a community reserve or wetland conservation reserve, the directions issued in the Asan case would apply for the sake of parity. At the same time, the court directed the Standing Committee of the National Board for Wildlife (NBWL) or the Ministry of Environment, Forest and Climate Change (MoEFCC) to determine whether the Asan wetland extends into Himachal Pradesh. If it does, the 2024 directions would apply there as well. If not, mining proposals would be governed by the applicable statutory framework.

What is the background to the Asan wetland case?

The Asan Wetland Conservation Reserve lies at the confluence of the Asan and Yamuna rivers in Uttarakhand and was designated a Ramsar site in 2020. It is an important habitat for migratory waterbirds and supports rich aquatic biodiversity.

In an interim order dated February 14, 2024, the Supreme Court directed that no mining activity should be carried out within a 10-km radius of the reserve unless the project proponent first obtained permission from the Standing Committee of the NBWL and/or the MoEFCC. The Bench said the wetland's designation as a Ramsar site warranted heightened scrutiny of activities that could affect its ecological character. The latest clarification indicates that the same principle would apply to other wetland conservation reserves across India.

What are Ramsar sites?

Ramsar sites are wetlands designated under the Ramsar Convention on Wetlands, an international treaty adopted in Ramsar, Iran, in 1971 to promote the conservation and wise use of wetlands of international importance. India became a Contracting Party to the Convention in 1982. India currently has 101 Ramsar sites, the maximum among Asian countries. On August 3, 2026, Glaw Lake in Arunachal Pradesh became the country's 101st Ramsar site and the State's first, taking India's tally from 98 earlier this year to 101.

A Ramsar designation does not itself create a separate statutory protection regime under Indian law. Rather, it recognises the international ecological importance of a wetland and commits India to maintaining its ecological character through domestic environmental laws.

What does the law say about mining in Ramsar wetlands?

Neither the Ramsar Convention nor the Wetlands (Conservation and Management) Rules, 2017 prescribe a statutory buffer around Ramsar sites or expressly prohibit mining within a specified distance of them.

The earlier Wetlands (Conservation and Management) Rules, 2010 contained a detailed list of prohibited activities within wetlands, including reclamation, establishment of new industries, dumping of solid waste and any activity likely to adversely affect the wetland ecosystem. They also required prior approval for activities within a wetland's zone of influence and mandated environmental impact assessments for specified projects.

The 2017 Rules replaced this framework with a decentralised system under State Wetland Authorities. They removed the explicit list of prohibited activities contained in the 2010 Rules and shifted responsibility for identifying and regulating wetlands largely to the States. The constitutional validity of these rules is currently under challenge before the Supreme Court.

Petitioners argue that the framework excludes many artificial wetlands recognised under the Ramsar Convention and weakens protections that existed under the 2010 Rules.

Against this backdrop, the Supreme Court's Asan directions assume significance because they create an additional judicial safeguard by requiring wildlife clearances before mining can proceed within 10 km of wetland conservation reserves.

How does this compare with mining around national parks, wildlife sanctuaries and forests?

Mining around protected forests and wildlife habitats is governed by a combination of statutes and Supreme Court directions.

Within national parks and wildlife sanctuaries, mining is prohibited under the Wildlife (Protection) Act, 1972. In addition, the Supreme Court has held that mining is impermissible within one kilometre of the boundary of every national park and wildlife sanctuary across India, unless a larger Eco-Sensitive Zone (ESZ) has already been notified, in which case the larger notified buffer prevails. The court extended this prohibition nationwide after observing that mining within one kilometre of protected areas is hazardous for wildlife. Projects located within protected areas or likely to affect wildlife habitats also require scrutiny by the Standing Committee of the National Board for Wildlife.

In forest areas, diversion of forest land for mining requires prior approval of the Union government under the Van (Sanrakshan Evam Samvardhan) Adhiniyam, 1980. Mining projects are also generally subject to environmental clearance under the Environment Impact Assessment Notification, 2006.

- **National Parks & Wildlife Sanctuaries:**
  - Regulated under the **Wildlife (Protection) Act, 1972**.
  - Complete prohibition inside protected areas plus a minimum **1-km Eco-Sensitive Zone (ESZ)** buffer nationwide, unless a larger ESZ is notified.
- **Wetland Conservation Reserves:**
  - Regulated under **Wetlands Rules, 2017** and local state mechanisms.
  - No statutory outer buffer distance; relies on judicial directives (such as the 10-km oversight rule) to fill the regulatory void.
- **Forest Land:**
  - Forest diversion requires Central approval under the **Van (Sanrakshan Evam Samvardhan) Adhiniyam, 1980** alongside **EIA Notification, 2006** clearances.

Conclusion

The Supreme Court's intervention fills a statutory void created by the removal of explicit buffer norms under the 2017 Wetland Rules. While it strengthens ecological protection for India's **101 Ramsar sites** and wetland reserves, a long-term solution requires the Ministry of Environment to establish uniform, science-based Eco-Sensitive Zones around wetlands to harmonize conservation with sustainable economic activity.

UPSC Mains Exam Study Questions

Ques: "Wetlands are among the most productive ecosystems, yet they remain one of the most threatened." Discuss the ecological significance of wetlands and examine the challenges in their conservation in India.**(10 Marks, 150 Words)**

Page : 08 : Editorial Analysis

Handloom — weaving India's heritage into global growth

Giriraj Singh

Union Minister of Textiles, Government of India

The making of a developed nation is not defined by technology alone. It is shaped by the ability to transform enduring strengths into engines of future growth. As India advances towards Viksit Bharat 2047, it is investing in frontier technologies, strengthening manufacturing and building globally competitive industries.

Yet, one of India's greatest strengths has been with India all along – its handloom tradition. On August 7, as India marks the 12th National Handloom Day, it is time to view handloom as a strategic sector for a world that values sustainability, authenticity and resilient supply chains.

Prime Minister Narendra Modi's vision of Viksit Bharat 2047 is built on prosperity, self-reliance, inclusivity and cultural confidence. Handloom embodies this vision by bringing together heritage and innovation, while driving women-led development, rural entrepreneurship, livelihoods and global competitiveness.

Threads of India's legacy

Every handwoven fabric reflects the courage to preserve tradition, the patience to perfect every thread, the integrity of honest craftsmanship and the wisdom passed down through generations. That is why handloom is not merely a craft, but one of India's greatest civilisational strengths. From the Indus Valley Civilisation, where cotton was first cultivated and woven, to the 18th century when Indian textiles dominated global trade, India set global benchmarks in textile excellence. Bengal's legendary muslin – so fine that a 25-metre length could pass through a ring – along with Banarasi silk, Kanchipuram weaves, Pochampally Ikat and countless regional traditions, earned India worldwide admiration.

Today, as the world turns towards authentic, sustainable and handcrafted products, India has a historic opportunity to reclaim that leadership.

India's ancient handloom traditions can transform heritage into a globally competitive creative economy

India's next handloom revolution must export not just textiles, but also craftsmanship, heritage, innovation and trust, making every handwoven product an ambassador of Brand India.

Transformation through policy

Handloom is India's largest cottage industry, supporting the livelihoods of more than 35 lakh weavers and allied workers, nearly 72% of whom are women. Over the past decade, the Government has strengthened the sector through the Raw Material Supply Scheme, 797 handloom clusters, over 1.24 lakh improved looms, skill upgradation for nearly 97,000 artisans, and initiatives such as Producer Companies, GI tagged products, the Handloom Mark, India Handmade certification, Urban Haats and Design Resource Centres.

Today, 29 Weavers' Service Centres provide end to end support through training, upskilling, design development, raw material assistance and market linkages, while the 11 Indian Institutes of Handloom Technology are being strengthened to expand advanced training and develop niche, high-value handloom products. The forthcoming National Handloom and Handicraft Programme will accelerate this transformation by strengthening 1,800 clusters across more than 500 districts, benefiting 65 lakh weavers and artisans and establishing Handmade in India as a globally recognised brand.

Innovation has always been part of India's handloom journey. Mahatma Gandhi's Ambar Charkha made spinning easier, faster and more efficient, advancing the vision of self-reliance.

More recently, Assam's Maina Loom and the Chitranjan Handloom developed in Sivasagar have shown how better loom design can make weaving easier and more productive. The Centre of Excellence for Handloom Technology, established with the Indian Institutes of Technology, is developing lighter, stronger and easier to use looms that reduce physical effort and improve productivity, including for persons with disabilities.

Under the Centre, the Handloom 4.0 initiative uses digital tools and Artificial Intelligence to monitor productivity, quality and maintenance, and is being piloted on 100 looms before expanding across the States.

Technology should empower the artisan, not replace the artisan. Platforms such as VisioNXT can help forecast demand, identify design trends, authenticate genuine handloom products and connect weavers directly with global markets. At the same time, product diversification into premium silk, natural fibres, sustainable fibres and innovative blends can create high-value products and unlock new markets.

Combined with better branding, value addition and direct market access, these innovations can significantly enhance weavers' incomes. The vision is to enable every weaver to earn a dignified and aspirational income, with the ambition of ₹50,000 per month in the years ahead.

India's identity

India's weavers are not merely a workforce. They are entrepreneurs, innovators and creators of value. By enabling them to build brands, move up the value chain and reach global markets, handloom can be transformed into one of India's most dynamic creative industries. This is also a call to India's youth to bring together heritage and technology, creativity and enterprise, to shape the next chapter of handloom.

On this National Handloom Day, let us celebrate India's weavers not only as custodians of our heritage, but also as architects of India's progress. Every handloom product we buy and wear strengthens a weaver's livelihood, preserves a timeless tradition and carries India's story to the world.

The views expressed are personal

GS Paper III: Indian Economy

UPSC Mains Exam Practice Questions: Examine the contribution of the handloom sector to India's cultural identity and the freedom movement. How can this legacy be preserved in the era of globalization?(**10Marks, 150 Words)**

Context : The handloom sector represents a vital intersection of India's civilisational heritage, sustainable manufacturing, and rural economy. In his article, Union Minister of Textiles Giriraj Singh highlights how handlooms align with the vision of **Viksit Bharat 2047**, serving as a strategic sector for global growth while driving women-led development and rural self-reliance.

Core Analysis: Strategic Dimensions & Interventions

1. **Socio-Economic Significance:**
   - **Livelihood & Inclusivity:** Supports over 35 lakh weavers and allied workers, with **72% women participation**, fostering gender-inclusive growth.
   - **Rural Entrepreneurship:** Forms the backbone of India's cottage industry, mitigating distress migration by creating local employment.
2. **Policy & Institutional Framework:**
   - **Cluster & Raw Material Support:** Interventions like the Raw Material Supply Scheme, 797 handloom clusters, and 29 Weavers' Service Centres (WSCs) provide end-to-end operational support.
   - **Future Roadmap:** The upcoming **National Handloom and Handicraft Programme** aims to cover 1,800 clusters across 500+ districts, targeting 65 lakh beneficiaries.
3. **Technological Integration (Handloom 4.0):**
   - **Ergonomics & Productivity:** Ergonomic innovations like Assam's *Maina Loom* and partnerships with IITs reduce physical strain and improve yield.
   - **Digital Empowerment:** Tools such as *VisioNXT* for trend forecasting, AI-driven maintenance on looms, and direct market access digital platforms bridge the gap between rural artisans and global consumers.
4. **Branding & Global Competitiveness:**
   - **Authenticity Assurance:** Geographical Indication (GI) tags, *Handloom Mark*, and *India Handmade* certifications protect traditional knowledge against power-loom counterfeiting.
   - **Income Target:** Focuses on value addition (natural/sustainable blends) to scale weavers' earnings toward an aspirational **₹50,000 per month**.

Related Static Dimensions (UPSC Syllabus Alignment)

- **Art & Culture / History:** Historical lineage from the Indus Valley Civilisation; legendary traditional weaves (Bengal Muslin, Banarasi Silk, Kanchipuram, Pochampally Ikat); role of Khadi and Charkha during the Freedom Movement.
- **Governance & Social Justice:** Women empowerment policies; welfare schemes for vulnerable traditional artisan communities.
- **Economy & Inclusive Growth:** MSME ecosystem, export promotion, sustainable industrialisation, and integration of AI in traditional sectors (Industry 4.0 meets Handloom 4.0).

Conclusion

India's handloom sector is no longer just a custodian of cultural legacy; it is a green, women-led engine for dynamic economic growth. By harmonising traditional craftsmanship with technological empowerment (Handloom 4.0) and robust branding, India can establish "Handmade in India" as a globally trusted brand, fulfilling the objective of inclusive development under Viksit Bharat 2047.
