MUST HAVE PDF

VISHNU IAS
MODERN GURUKUL FOR CIVIL SERVICES
TGPSC G 1 | UPSC - CSE | APPSC G 1

DAILY
CURRENT AFFAIRS

USEFUL FOR UPSC | TGPSC | APPSC

21ST SEPTEMBER 2026

Headlines:

- India's NGOs at a New Funding Crossroads
- U.S. Russia Sanctions Law: Implications for India
- India's Real Rate Moment: The Cost of Delay
- India–China Trade: The Paradox of Self-Reliance
- India–Nepal Relations: Towards a New Reset

सत्यमेव जयते

WWW.VISHNUIAS.COM

https://t.me/vishnuiasmentor

9000400939

1. India's NGOs at a New Funding Crossroads

GS Paper: GS-II – Polity & Governance

Why in News?

- The Foreign Contribution (Regulation) Amendment Bill, 2026 proposes tighter regulation of foreign-funded organisations and a framework for dealing with their assets when FCRA registration is cancelled, surrendered or lapses.

Legal & Constitutional Framework

- The Foreign Contribution (Regulation) Act, 2010 (FCRA) regulates the acceptance and utilisation of foreign contributions by associations, NGOs and other eligible entities.
- The Ministry of Home Affairs (MHA) is the nodal ministry for FCRA administration.
- The issue is also linked to Article 19(1)(c), which guarantees the right to form associations; however, the right to receive foreign contributions is subject to statutory regulation.

Key Provisions

- **Designated Authority:** Foreign contributions and assets created from them may provisionally vest in a government-designated authority when FCRA registration is cancelled, surrendered or lapses.
- **Asset Management:** Assets may subsequently be restored, transferred or disposed of according to the prescribed procedure.
- **Stronger Compliance:** The Bill seeks greater transparency, accountability and monitoring of foreign contributions.

Why is it Significant?

- **National Security:** The Government cites concerns relating to illicit financial flows, external influence and activities prejudicial to national interests.
- **Civil Society:** NGOs contribute significantly to healthcare, education, tribal welfare, disaster relief and social development.
- **Autonomy vs Regulation:** Excessive or disproportionate regulation could affect the financial sustainability and operational autonomy of legitimate civil-society organisations.
- **Religious Organisations:** Some religious and charitable organisations have expressed concerns regarding the potential impact of tighter regulation on their activities.

Funding Crossroads

- Domestic philanthropy and CSR are expanding, creating opportunities for NGOs to diversify their funding sources.
- However, domestic sources may not completely substitute foreign funding, particularly for specialised, long-term or research-oriented programmes.
- Funding diversity can reduce excessive dependence on any single source and strengthen the resilience of civil society.

Way Forward

- Ensure transparent, proportionate and non-discriminatory regulation.
- Adopt risk-based financial monitoring rather than blanket restrictions.
- Strengthen due process, effective appeals and judicial oversight.
- Encourage diversified funding through CSR, domestic philanthropy and social finance.

2. U.S. Russia Sanctions Law: Implications for India

GS Paper: GS-II – International Relations

Why in News?

- The U.S. has enacted the Lindsey O. Graham Sanctioning Russia and Iran Act, 2026, expanding sanctions on Russia and authorising tariffs of up to 100% on goods from countries that meet specified criteria related to Russian oil and gas purchases. India is among the major countries potentially affected.

Key Dimensions

- **Economic Statecraft:** The law uses trade and tariff measures as instruments of geopolitical pressure, seeking to increase the economic cost of continued purchases of Russian energy.
- **Secondary Sanctions:** Unlike sanctions directly targeting Russia, measures against third-country buyers seek to influence countries that continue economic engagement with the sanctioned state.
- **Legal Significance:** The measure now has a statutory basis, giving the U.S. administration a stronger legal framework than a policy based solely on executive action.

Implications for India

- **Energy Security:** Russia has become a major source of Indian crude oil. A rapid reduction in imports could increase sourcing, freight and refining costs.
- **Exports & MSMEs:** Higher U.S. tariffs could reduce the competitiveness of Indian exports, particularly in labour-intensive and MSME-dominated sectors.

- **India–US Relations:** The issue could complicate ongoing trade negotiations and broader economic engagement.
- **Strategic Autonomy:** India faces a three-way challenge—protecting energy security, sustaining export access and maintaining diversified strategic partnerships.

Global & Geoeconomic Dimensions

- **Oil Prices:** Reduced Russian supplies could tighten global markets and increase crude-price volatility.
- **Weaponisation of Interdependence:** Energy, trade and financial networks are increasingly being used as instruments of geopolitical leverage.
- **WTO Dimension:** Country-specific trade restrictions can raise questions concerning non-discrimination and other WTO obligations, depending on their design and justification.

Way Forward

- **Diversify Energy Sources:** Expand supplies from the Middle East, Africa, the U.S. and other reliable sources while strengthening strategic petroleum reserves.
- **Diplomatic Engagement:** Seek appropriate waivers, exemptions or tariff arrangements through sustained India–U.S. dialogue.
- **Export Diversification:** Expand alternative markets and strengthen MSME competitiveness.
- **Strategic Resilience:** Pursue strategic autonomy through diversification of energy sources, export destinations and strategic partnerships.

3. India's Real Rate Moment: The Cost of Delay

GS Paper: GS-III – Indian Economy

Why in News?

- The RBI has retained the repo rate at 5.25%, while CPI inflation rose to 4.82% in August 2026, with food inflation at 5.95% and core inflation around 4.2%.
- India's flexible inflation-targeting framework targets 4% CPI inflation, with a tolerance band of 2%–6%.

Real Interest Rate & Inflation

- Real interest rate adjusts the nominal interest rate for inflation.
- Ex-post real rate: Nominal rate − actual inflation.
- Ex-ante real rate: Nominal rate − expected inflation; particularly relevant for monetary policy.

- If inflation expectations approach the 5.25% repo rate, the ex-ante real policy rate could approach zero, reducing monetary restraint.

Monetary Policy Dilemma

- Demand-side: Strong economic growth and credit expansion indicate resilient economic activity.
- Supply-side: Food prices, crude oil and geopolitical disruptions can generate inflation even without excessive domestic demand.
- Policy Challenge: Early tightening may constrain investment and growth, while delayed action could allow persistent inflation to influence expectations, wages and prices.

Banking & Monetary Transmission

- Strong credit growth alongside deposit mobilisation indicates robust lending activity and continued demand for credit.
- Through monetary transmission, changes in the repo rate influence lending rates, borrowing, consumption, investment and inflation.
- Higher inflation can reduce the real return on bank deposits, encouraging households towards equities, mutual funds, gold and other inflation hedges.

External & Imported Inflation

- Higher crude prices, rupee depreciation and geopolitical disruptions can increase imported inflation, particularly through energy and transportation costs.
- Persistent external shocks can complicate the RBI's growth–inflation trade-off.

Way Forward

- Maintain data-dependent and forward-looking monetary policy.
- Monitor inflation expectations, core inflation, wages, credit growth and commodity prices.
- Complement monetary policy with food-supply management, energy diversification and fiscal prudence.

4. India–China Trade: The Paradox of Self-Reliance

GS Paper: GS-III – Indian Economy

Why in News?

- At the September 2026 Modi–Xi meeting, India highlighted the need to address the structural trade imbalance and supply-chain issues in bilateral economic relations.
- India's manufacturing expansion remains dependent on Chinese intermediate goods, components and capital goods, creating a paradox for Atmanirbhar Bharat.

The "Assembly Trap"

- A significant share of imports from China consists of intermediate and capital goods, showing that dependence is embedded in production networks rather than merely in consumer goods.
- India has expanded electronics and mobile-phone assembly, but limited domestic production of components, semiconductors and precision equipment constrains domestic value addition.
- Higher manufacturing output, therefore, does not automatically translate into greater technological self-reliance.

Economic & Strategic Implications

- Trade Imbalance: Persistent import dependence reflects deeper gaps in domestic manufacturing competitiveness and technological capability.
- Supply-Chain Vulnerability: Concentration in critical inputs can expose industries to external disruptions.
- Technology Dependence: Reliance on sophisticated components can create strategic vulnerabilities in critical sectors.
- GVC Integration: Imported inputs can improve productivity and facilitate industrial upgrading; therefore, self-reliance should not mean autarky.

Way Forward

- Move from incentivising assembly to building component ecosystems, R&D capabilities and domestic supplier networks.
- Strengthen PLI schemes by increasing domestic value addition and backward linkages.
- Develop capabilities in semiconductors, electronics, machinery and critical components.
- Use calibrated tariffs and targeted industrial policy where viable domestic capabilities can be developed.
- Diversify suppliers while increasing India's participation in Global Value Chains.

5. India–Nepal Relations: Towards a New Reset

GS Paper: GS-II – International Relations

Why in News?

- Nepal's Finance Minister Swarnim Wagle visited New Delhi amid efforts by Nepal's new government to "reset and renew" India–Nepal relations.
- Nepal is also seeking international assistance for reconstruction following devastating floods, with India being an important partner.

Key Areas of Cooperation

- **Connectivity:** Nepal seeks greater cooperation in roads, bridges, railways and air connectivity, including overflight arrangements for airports such as Bhairahawa and Pokhara.
- **Trade & Supply Chains:** Nepal seeks revision of the bilateral trade framework and deeper integration with Indian supply chains, highlighting the role of open and efficient borders.
- **Energy Cooperation:** Nepal's hydropower potential and India's growing electricity demand create opportunities for cross-border power trade, transmission infrastructure and concessional financing.
- **Development Partnership:** India's earlier post-earthquake reconstruction assistance demonstrates the potential for grant-based and concessional financing for resilient infrastructure.

Strategic & Geopolitical Dimensions

- Neighbourhood First: Stronger economic interdependence can reinforce India's engagement with its immediate neighbourhood.
- China Factor: Nepal seeks development partnerships with both India and China, requiring India to strengthen its engagement through economically viable and transparent projects.
- Boundary Issues: Contentious issues should be addressed through institutionalised dialogue and constructive diplomacy.

Climate & Disaster Resilience

- Himalayan floods, glacial changes and infrastructure vulnerability highlight the need for regional disaster-risk reduction, climate adaptation and resilient reconstruction.

Way Forward

- Accelerate cross-border connectivity and energy projects.

- Modernise trade and transit arrangements.
- Support climate-resilient infrastructure and disaster preparedness.
- Build trust through regular dialogue, mutual sensitivity and people-to-people linkages.