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India signs Javelin procurement deal with U.S., boosts defence cooperation

Saurabh Trivedi
NEW DELHI

India signed a Letter of Offer and Acceptance (LOA) with the U.S. on Friday to procure Javelin anti-tank guided missile systems through the U.S. Foreign Military Sales route, marking a significant step in the defence partnership between the two countries.

The missile system is being bought under the emergency procurement powers granted to the armed forces to augment critical operational capabilities following Operation Sindoor, defence sources said. The Indian Army is procuring Javelin missiles in limited numbers. Under the emergency framework, the armed forces can make purchases of up to ₹300 crore for each equipment category. Deliveries of contracts under the sixth tranche of emergency procurements are expected to begin by the end of 2026-27, sources said.

The Javelin is a medium-range, anti-tank guided missile designed to engage armoured vehicles and fortified positions. AFP

The U.S. Embassy in New Delhi welcomed the signing of the LOA, saying it demonstrated the growing depth of the U.S.-India Major Defence Partnership.

U.S. Ambassador to India Sergio Gor said the agreement reflected a defence partnership that was "growing deeper, more capable, and consequential". He said it demonstrated U.S. support for the Indian Army and created opportunities for the two countries to work together.

The Javelin is a medium-range, anti-tank guided missile designed to engage armoured vehicles and fortified positions.

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3. Which of the following items of defence hardware is/are manufactured in India ?

1. Su-30 MKI Fighter Jets
2. T-90 MK-III Tanks
3. Akula Class Submarine

Select the answer using the code given below :

(a) 1 and 2
(b) 1 and 3
(c) 1 only
(d) 2 only

1. Javelin Anti-Tank Guided Missile (ATGM): India–U.S. Defence Deal

Source: The Hindu
GS: GS-II — International Relations | Defence & Security

Context: India has signed a **Letter of Offer and Acceptance (LOA)** with the United States to procure **Javelin Anti-Tank Guided Missile (ATGM) systems** through the **Foreign Military Sales (FMS)** route.

1. Javelin Anti-Tank Guided Missile — Basics

● **FGM-148 Javelin:** A **medium-range, man-portable ATGM** designed to engage **armoured vehicles and fortified positions**.

● **Fire-and-forget:** Its **imaging infrared seeker** guides the missile after launch, allowing the operator to relocate.

● **Top-attack:** Designed to strike the **top armour of tanks**, where protection is generally weaker.

● **Tandem warhead:** Enhances effectiveness against **explosive reactive armour (ERA)**.

2. India’s Anti-Tank Capability

● **Indigenous: Nag** and **Man-Portable Anti-Tank Guided Missile (MPATGM)** have been developed by the **Defence Research and Development Organisation (DRDO)**.

● **Imported/foreign-origin:** India also operates systems such as **Spike (Israel)** and **Konkurs-M/Milan**.

● **New acquisition: Javelin (United States)** adds another advanced, man-portable, fire-and-forget capability to India’s anti-armour inventory.

3. Significance of Javelin for India

● **Enhanced infantry firepower:** Improves India’s ability to counter modern **tanks and armoured formations**.

● **Operational mobility:** Its man-portable and fire-and-forget design enhances **mobility and survivability**.

● **Defence partnership:** Further deepens the **India–U.S. Major Defence Partnership**.

● **Capability complement:** Meets immediate operational requirements while indigenous **Nag and MPATGM** programmes advance **Atmanirbhar Bharat in Defence**.

Industrial growth slows to 6.7% in July from 8.8% in June

T.C.A. Sharad Raghavan
NEW DELHI

India's industrial growth in July 2026 stood at 6.7%, slower than the 8.8% seen in June. July's performance of the Index of Industrial Production (IIP) was, however, the second-best growth the index has seen since December last year, and was buoyed by the manufacturing and electricity and gas supply sectors.

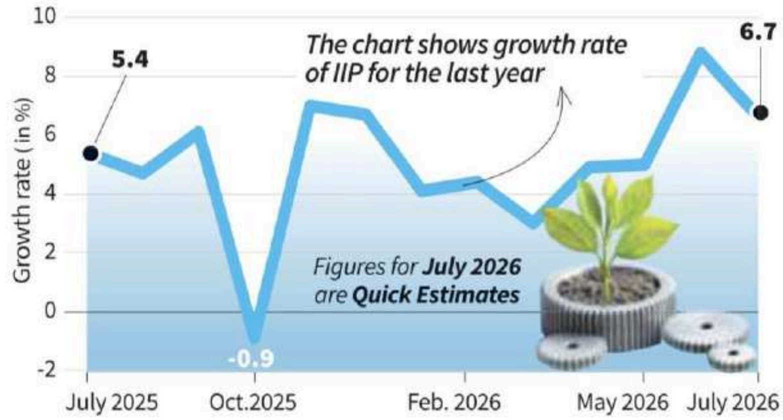
The IIP data released by the Ministry of Statistics and Programme Implementation also saw June's IIP growth rate upgraded from the provisional 7.3% announced last month to 8.8%.

According to economists, the data in particular shows a divergence in India's consumption trends, with rural consumption levels exhibiting weakness.

The manufacturing sector grew by 7.3% in July 2026, down from the 9.5% it saw in June, but faster than the 5.1% growth in July of last year. "The manufacturing sector growth was propelled by industries like engineering [electric and non-electrical] and automobiles [all kinds of transport] besides electronics and plastic and rubber products," Madan Sabnavis, chief economist at the Bank of Baroda, said.

Growth dips

India's industrial growth rate fell to **6.7% in July 2026**, the second-best growth recorded by the Index since December last year



Source: MOSPI

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In India, in the overall Index of Industrial Production, the Indices of Eight Core Industries have a combined weight of 37·90%. Which of the following are among those Eight Core Industries?

1. Cement
2. Fertilizers
3. Natural gas
4. Refinery products
5. Textiles

Select the correct answer using the codes given below :

(a) 1 and 5 only

(b) 2, 3 and 4 only

(c) 1, 2, 3 and 4 only

(d) 1, 2, 3, 4 and 5

2. Index of Industrial Production: Industrial Growth, New Series & Base-Year Revision

Source: The Hindu
GS: GS-III — Indian Economy | Industry | Economic Indicators

Context: India's **Index of Industrial Production (IIP)** grew **6.7% in July 2026**, while the shift from **2011–12 to 2022–23 as the base year** seeks to make the index more representative of India's present industrial structure.

1. Index of Industrial Production — Basics, New Series & Significance

● **Meaning:** The **Index of Industrial Production (IIP)** is a monthly indicator of changes in the **volume of industrial output**.

● **Three sectors: Mining, Manufacturing and Electricity** constitute the broad sectoral framework of IIP.

● **Base-year revision:** The earlier series used **2011–12**; the new series uses **2022–23** to better reflect **current production patterns and structural changes** in the economy.

● **What changes with a new series?** Revision involves updating the **item basket, sectoral weights, coverage and methodology**, so that sectors that have gained or lost importance in the economy are represented more appropriately.

● **Sectoral representation:** Manufacturing remains the **dominant component**, while the revised framework seeks to provide a more realistic representation of emerging and changing industrial activities.

● **Why IIP matters:** It is a key **high-frequency indicator of industrial activity**, useful for assessing **economic growth, investment momentum, manufacturing performance and policy requirements**.

2. July 2026 Industrial Performance — Key Data

● **Overall IIP: 6.7% growth** in July 2026, compared with **8.8% in June 2026** and **5.4% in July 2025**.

● **Manufacturing:** Grew **7.3%**, remaining the principal contributor to industrial growth.

● **Electricity & Mining:** Electricity supported overall growth, while **mining remained comparatively weak**.

● **Trend:** Despite moderation from June, July recorded the **second-highest IIP growth since December 2025**, indicating continued industrial momentum.

3. Eight Core Industries

● The **Eight Core Industries** are **Coal, Crude Oil, Natural Gas, Refinery Products, Fertilisers, Steel, Cement and Electricity**.

● Together, they have a **37.90% weight in the old IIP series**, making their performance important for assessing overall industrial and infrastructure activity.

● **UPSC distinction: IIP measures industrial production across the wider industrial sector**, whereas the **Index of Eight Core Industries** tracks eight key infrastructure-linked sectors.

Problem with ethanol blending isn't sugar — it's reliance on grains; the way forward

HARISH DAMODARAN

INDIA'S ETHANOL blended petrol (EBP) programme was initiated primarily to benefit the sugar industry. For mills confronting stagnant sugar consumption demand amid rising production, ethanol created an additional revenue stream to enable them to make timely payments to cane farmers.

Till 2017-18, all ethanol supplied to oil marketing companies (OMC) came from "C-heavy" molasses — a thick, dark brown final byproduct of cane-juice processing, containing sucrose that mills cannot further economically recover as sugar after three rounds of boiling and crystallisation. From the 2018-19 supply year, mills started producing ethanol from the intermediate-stage "B-heavy" molasses and also directly from whole sugarcane juice syrup. With less sucrose getting crystallised and recovered as sugar, mills could use more of it for fermenting into ethanol. They were incentivised to do so by the Narendra Modi government paying more for ethanol made from B-heavy molasses and direct cane juice/syrup than from the normal C-heavy route. The result: Between 2013-14 and 2018-19, ethanol supplies to OMCs rose from 38 crore to 190 crore litres. So did the all-India average ethanol blending in petrol, from 1.6 per cent to 4.9 per cent.

The real change, however, happened when cereal grains began being used as ethanol feedstock. The process here involved first milling the grains into flour, extracting starch and breaking it down to simple sugars, followed by fermentation, distillation and dehydration to 99.9 per cent pure alcohol or ethanol suitable for blending with petrol.

Initially, the sugar mills themselves installed multi-feedstock distilleries to run on molasses and juice/syrup during the crushing period (November-April) and on grains in the off-season (May-October), when cane wasn't available. Over time, though, exclusively grain-based ethanol distilleries sprang up across the country. These used either maize or rice, which included surplus and old/ broken/damaged grains sourced from the Food Corporation of India (FCI) as well as the open market.

• ETHANOL SUPPLY BY FEEDSTOCK (in Crore Litres)

Supply Year	C-Heavy Molasses	B-Heavy Molasses	Cane Juice	Maize	Surplus FCI Rice	Damaged Foodgrain	Total
2013-14	38	0	0	0	0	0	38
2014-15	67	0	0	0	0	0	67
2015-16	111	0	0	0	0	0	111
2016-17	67	0	0	0	0	0	67
2017-18	151	0	0	0	0	0	151
2018-19	146	33	1	0	0	10	190
2019-20	74	68	15	0	0	16	173
2020-21	39	183	39	0	2	39	302
2021-22	11	265	85	0	49	24	434
2022-23	6	235	128	32	74	32	507
2023-24	58	149	64	286	0	116	673
2024-25	17	139	165	498	140	80	1039
2025-26*	12	110	166	479	233	48	1048

*Allocated quantities. Supply years are Dec-Nov till 2021-22, Dec-Oct for 2022-23 and Nov-Oct from 2023-24.

In 2023-24, the total ethanol supply of 673 crore litres helped achieve an average 14.6 per cent blending level in petrol. Moreover, grain-based feedstock contributed 402 crore litres or 59.7 per cent. From being an alternative, off-season feedstock for distilleries attached to sugar mills, grains thus emerged as the mainstay of the EBP programme — a case of the tail wagging the dog.

For the current supply year ending October 2026, the OMCs have allocated about 1,048.3 crore litres of ethanol among various distilleries. Out of this quantity, just sufficient to meet a 20 per cent national blending target — E20 petrol — as much as 759.8 crore or 72.5 per cent is from grains and only the balance 288.5 crore (27.5 per cent) from sugarcane-based feedstock. Given the high sugar prices today and September-ending stocks projected at a 17-year-low, it is unlikely that the government will allow any ethanol production from direct cane juice or B-heavy molasses in the coming 2026-27 supply year.

Mills would be forced to recover the maximum possible sugar from cane juice, limiting the scope for making ethanol only from the non-crystallisable sucrose in C-heavy molasses. It will ensure no "diversion" of sugar through the B-heavy and cane juice routes. Such diversion amounted to 2.2 million tonnes (mt) in 2020-21 and 3.6 mt, 4.3 mt, 2.4 mt, 3.5 mt and 3 mt in the subsequent five sugar years (October-September). The 3 mt constituted roughly a tenth of India's estimated gross sugar output of 30.9 mt in 2025-26.

Simply put, we are heading into a scenario where the EBP programme will be almost exclusively fuelled by grains — the opposite of what it was till 2017-18. The accompanying table shows that even in 2021-22, the year when the average blending ratio crossed 10 per cent, sugarcane-based feedstock supplied over 83 per cent of ethanol.

From there, we have now moved to the tail not merely wagging, but taking full control over the dog. While E10 petrol has become E20, the government has already notified standards for E22, E25, E27 and E30 fuel blends. The push for it is basically coming from the distillers, who have set up an aggregate ethanol production capacity of nearly 2,000 crore litres, as against 421 crore in 2014 and the present annual offtake of 1,050 crore litres by OMCs.

> From being an alternative, off-season feedstock for distilleries attached to sugar mills, grains emerged as the mainstay of the EBP programme — a case of the tail wagging the dog

It raises the question: Is there enough feedstock to fuel these ambitious targets? In 2026-27, it's not just sugarcane; even maize availability may present challenges, as El Niño gathers strength and with its effects expected to last through the first half of next year. That leaves only rice — more so, the stocks lying in FCI godowns.

For 2025-26, the Modi government allocated 5.2 mt of surplus FCI rice to ethanol distilleries, which was raised to 7.2 mt in July. At 450-460 litres of ethanol production from every tonne of rice, the 7.2 mt would give 325-330 crore litres. With no sugar diversion and a possible tightening of maize supplies too, the only way to sustain even E20 that requires 1,050 crore litres of ethanol would be to earmark further quantities of FCI rice.

That would be very difficult to justify, not least because rice is a water-guzzling crop. Worse, FCI rice is being sold to ethanol distilleries at Rs 23.2 per kg, with the auction reserve price set even lower at Rs 21/kg for rice with 100 per cent broken grains. For comparison, the all-India modal or most-quoted retail market price for normal rice is Rs 40/kg and Rs 30/kg for broken rice, as per the latest Department of Consumer Affairs data.

Recall the EBP programme's original purpose: It was intended to help sugarcane growers by improving the liquidity of mills. The programme, likewise, provided an additional demand source for maize farmers whose produce was hitherto going mostly for poultry and livestock feed manufacturing. With ethanol, wholesale market prices of maize in India went up from Rs 13.8-17.8 per kg in 2021 to a Rs 22.1-24.5 range in 2024.

There are two things the government could do.

First, discourage ethanol supplies from standalone grain-based distilleries, especially those significantly reliant on FCI rice. That party must end. Distillers should explore alternative, less water-consuming crops such as bajra and jowar. Their grains contain 58-62 per cent recoverable starch and can give 380-400 litres of ethanol from every tonne, the same as maize. Let millet farmers benefit from higher realisations like maize growers have.

Second, stop setting blending targets and trying to achieve them ahead of time. The EBP programme was successful even with 10-15 per cent blending and there's no need for posthaste. The government's chief economic adviser, V Anantha Nageswaran, in an article for this newspaper, has even suggested going back to E10. He's probably making a virtue out of today's reality.

The writer is national rural affairs & agriculture editor, The Indian Express.
harish.damodaran@expressindia.com

With reference to the usefulness of the by-products of sugar industry, which of the following statements is/are correct?

1. Bagasse can be used as biomass fuel for the generation of energy.
2. Molasses can be used as one of the feedstocks for the production of synthetic chemical fertilizers.
3. Molasses can be used for the production of ethanol.

Select the correct answer using the codes given below.

(a) 1 only

(b) 2 and 3 only

(c) 1 and 3 only

(d) 1, 2 and 3

3. Ethanol Blending: Balancing Energy Security with Food Security

Source: The Indian Express
GS: GS-III — Agriculture | Energy | Food Security | Environment

Context: India's rapid expansion of ethanol blending has reduced dependence on petrol, but the increasing use of **foodgrains as ethanol feedstock** raises concerns over food security, water use and feed availability.

1. Ethanol Blending — Changing Feedstock Pattern

● **Blending:** Average ethanol blending rose from **1.6% in 2013–14 to 14.6% in 2023–24**, moving India towards the **E20 target**.

● **Feedstock transition:** Ethanol production has gradually shifted from **sugarcane-based feedstock towards grains**, particularly maize and rice.

● **Scale:** Grain-based ethanol supply increased from **32 crore litres in 2021–22 to 673 crore litres in 2023–24 and 1,039 crore litres in 2024–25**.

2. Emerging Concerns

● **Food–fuel competition:** Greater diversion of maize and rice towards fuel can compete with **human consumption and livestock feed**.

● **Water sustainability:** Large-scale use of rice is concerning because it is a **water-intensive crop**.

● **Maize availability:** Rising ethanol demand can put pressure on maize prices and availability for the **poultry and livestock sectors**.

● **Feedstock sustainability:** Achieving higher blending targets through increasingly grain-dependent production may create a new **food-versus-fuel trade-off**.

3. Way Forward

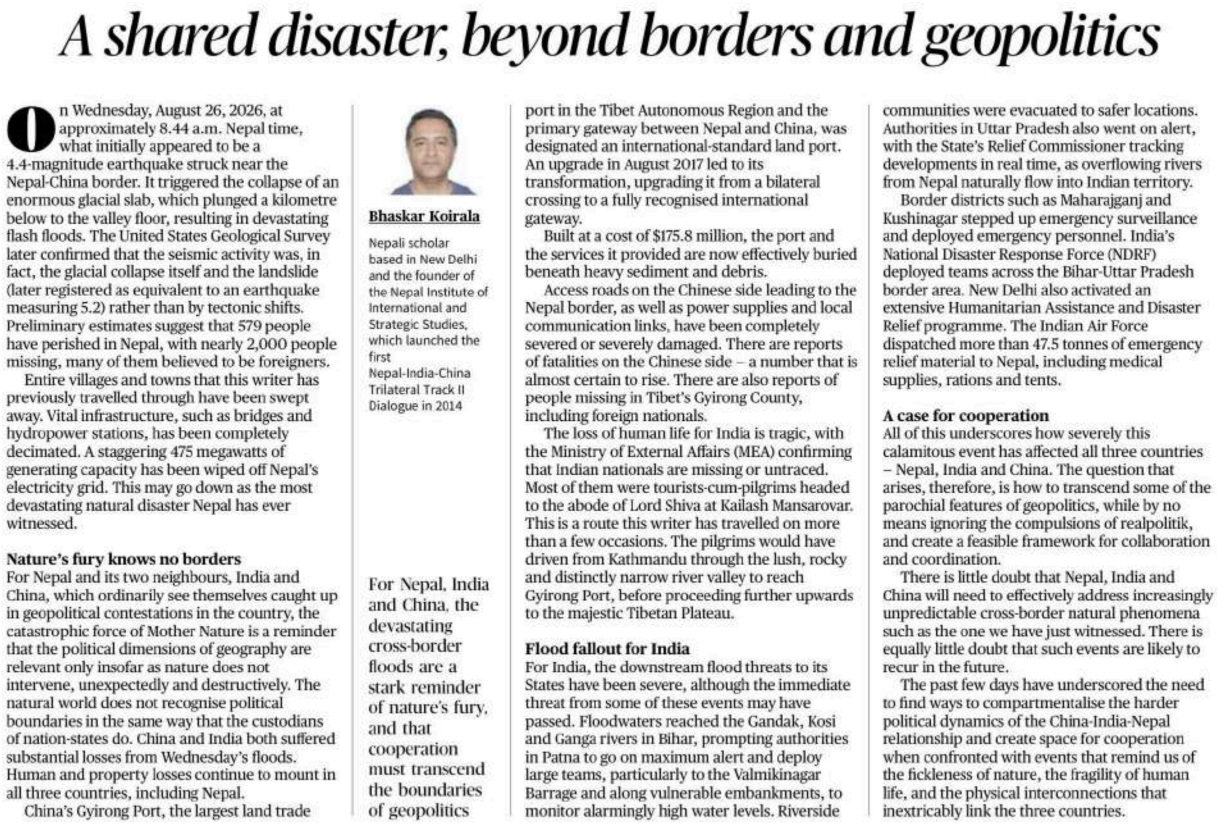
● **Feedstock diversification:** Reduce excessive dependence on foodgrains and expand alternative, sustainable feedstocks.

● **Surplus-based production:** Prioritise **surplus and damaged/non-food-grade grains** where appropriate.

● **Agricultural residues:** Promote **second-generation (2G) ethanol** from crop residues to reduce competition with food.

● **Water-efficient approach:** Give greater preference to **less water-intensive feedstocks**.

● **Balanced E20 strategy:** Future blending expansion should simultaneously consider **energy security, food security, water availability and livestock-feed requirements**.



A shared disaster, beyond borders and geopolitics

Bhaskar Koirala

Nepali scholar based in New Delhi and the founder of the Nepal Institute of International and Strategic Studies, which launched the first Nepal-India-China Trilateral Track II Dialogue in 2014

On Wednesday, August 26, 2026, at approximately 8.44 a.m. Nepal time, what initially appeared to be a 4.4-magnitude earthquake struck near the Nepal-China border. It triggered the collapse of an enormous glacial slab, which plunged a kilometre below to the valley floor, resulting in devastating flash floods. The United States Geological Survey later confirmed that the seismic activity was, in fact, the glacial collapse itself and the landslide (later registered as equivalent to an earthquake measuring 5.2) rather than by tectonic shifts. Preliminary estimates suggest that 579 people have perished in Nepal, with nearly 2,000 people missing, many of them believed to be foreigners.

Entire villages and towns that this writer has previously travelled through have been swept away. Vital infrastructure, such as bridges and hydropower stations, has been completely decimated. A staggering 475 megawatts of generating capacity has been wiped off Nepal's electricity grid. This may go down as the most devastating natural disaster Nepal has ever witnessed.

Nature's fury knows no borders

For Nepal and its two neighbours, India and China, which ordinarily see themselves caught up in geopolitical contestations in the country, the catastrophic force of Mother Nature is a reminder that the political dimensions of geography are relevant only insofar as nature does not intervene, unexpectedly and destructively. The natural world does not recognise political boundaries in the same way that the custodians of nation-states do. China and India both suffered substantial losses from Wednesday's floods. Human and property losses continue to mount in all three countries, including Nepal.

For Nepal, India and China, the devastating cross-border floods are a stark reminder of nature's fury, and that cooperation must transcend the boundaries of geopolitics

China's Gyirong Port, the largest land trade port in the Tibet Autonomous Region and the primary gateway between Nepal and China, was designated an international-standard land port. An upgrade in August 2017 led to its transformation, upgrading it from a bilateral crossing to a fully recognised international gateway.

Built at a cost of $175.8 million, the port and the services it provided are now effectively buried beneath heavy sediment and debris.

Access roads on the Chinese side leading to the Nepal border, as well as power supplies and local communication links, have been completely severed or severely damaged. There are reports of fatalities on the Chinese side – a number that is almost certain to rise. There are also reports of people missing in Tibet's Gyirong County, including foreign nationals.

The loss of human life for India is tragic, with the Ministry of External Affairs (MEA) confirming that Indian nationals are missing or untraced. Most of them were tourists-cum-pilgrims headed to the abode of Lord Shiva at Kailash Mansarovar. This is a route this writer has travelled on more than a few occasions. The pilgrims would have driven from Kathmandu through the lush, rocky and distinctly narrow river valley to reach Gyirong Port, before proceeding further upwards to the majestic Tibetan Plateau.

Flood fallout for India

For India, the downstream flood threats to its States have been severe, although the immediate threat from some of these events may have passed. Floodwaters reached the Gandak, Kosi and Ganga rivers in Bihar, prompting authorities in Patna to go on maximum alert and deploy large teams, particularly to the Valmikinagar Barrage and along vulnerable embankments, to monitor alarmingly high water levels. Riverside communities were evacuated to safer locations. Authorities in Uttar Pradesh also went on alert, with the State's Relief Commissioner tracking developments in real time, as overflowing rivers from Nepal naturally flow into Indian territory.

Border districts such as Maharajganj and Kushinagar stepped up emergency surveillance and deployed emergency personnel. India's National Disaster Response Force (NDRF) deployed teams across the Bihar-Uttar Pradesh border area. New Delhi also activated an extensive Humanitarian Assistance and Disaster Relief programme. The Indian Air Force dispatched more than 47.5 tonnes of emergency relief material to Nepal, including medical supplies, rations and tents.

A case for cooperation

All of this underscores how severely this calamitous event has affected all three countries – Nepal, India and China. The question that arises, therefore, is how to transcend some of the parochial features of geopolitics, while by no means ignoring the compulsions of realpolitik, and create a feasible framework for collaboration and coordination.

There is little doubt that Nepal, India and China will need to effectively address increasingly unpredictable cross-border natural phenomena such as the one we have just witnessed. There is equally little doubt that such events are likely to recur in the future.

The past few days have underscored the need to find ways to compartmentalise the harder political dynamics of the China-India-Nepal relationship and create space for cooperation when confronted with events that remind us of the fickleness of nature, the fragility of human life, and the physical interconnections that inextricably link the three countries.

4. Himalayan Disaster: A Shared Ecological Risk Beyond Borders and Geopolitics

Source: The Hindu
GS: GS-I — Geography | GS-II — India–Nepal–China Relations | GS-III — Disaster Management

Context: The **August 26 earthquake-triggered glacial collapse and flash floods** across Nepal, India and China demonstrate that Himalayan hazards transcend political boundaries and require **institutionalised regional cooperation**.

1. A Shared Himalayan Disaster — Nepal, China & India

● **Earthquake-triggered hazard:** A **4.4-magnitude earthquake** near the Nepal–China border triggered a massive glacial collapse and devastating flash floods.

● **Nepal:** Preliminary estimates reported **579 deaths and nearly 2,000 missing**, with extensive damage to villages, bridges and hydropower infrastructure.

● **China: Gyirong Port**, an important Nepal–China trade gateway, along with roads, power and communication networks, was severely affected.

● **India — downstream impact:** Floodwaters reached the **Gandak, Kosi and Ganga** river systems, highlighting India's vulnerability to disasters originating upstream in Nepal.

● **Core lesson: Shared rivers, glaciers and fragile Himalayan ecosystems** create common disaster risks irrespective of political boundaries.

2. Why Cross-Border Cooperation Is Essential

● **Transboundary disaster risk:** Floods, landslides and glacial hazards can move rapidly across borders, making isolated national responses inadequate.

● **Early warning & data sharing:** Real-time exchange of **hydrological, geological and meteorological information** can improve forecasting and evacuation.

● **Infrastructure resilience:** Roads, hydropower projects, communication networks and trade corridors need **risk-sensitive and disaster-resilient planning**.

● **Institutional coordination:** Preparedness, response and recovery require **regular coordination among neighbouring countries**, rather than cooperation only after a disaster.

3. Beyond Geopolitics — Shared Vulnerability as a Basis for Cooperation

● **Depoliticise humanitarian cooperation:** Disaster management can provide practical areas of engagement despite wider **India–China–Nepal geopolitical differences**.

● **Shared Himalayan governance:** Treat the Himalayas as a **common ecological and disaster-risk space**, rather than only a geopolitical frontier.

● **Regional mechanisms:** Develop arrangements for **joint monitoring, information exchange, emergency communication and coordinated response**.

4. Way Forward — From Disaster Response to Himalayan Resilience

● **Integrated early-warning system:** Establish **real-time cross-border flood and glacial-hazard warning mechanisms** linking upstream and downstream authorities.

● **Risk mapping:** Undertake joint **glacial, seismic, river-basin and landslide vulnerability assessments** to identify high-risk zones.

● **Resilient infrastructure:** Apply **disaster-risk and environmental safeguards** to hydropower, roads, bridges and border connectivity projects.

● **Regular coordination:** Conduct **joint exercises, emergency drills and institutionalised information-sharing** among India, Nepal and China.

● **Long-term resilience:** Shift from reactive relief to **disaster risk reduction, ecosystem protection and climate-resilient Himalayan development**.

Five years on, Taliban are still at a fork in the road

Mahesh Sachdev

Retired Indian Ambassador, specialising in West Asian and oil issues

A fortnight ago, the Taliban completed five years in power, bringing stability; but Afghans still yearn for a political, economic and social makeover

For a people long regarded as at the crossroads of civilisations, the past five years of the Islamic Emirate of Afghanistan (IEA) under Taliban rule resemble the backwaters. After 47 years of bloodletting, terrorism and foreign occupation, the current "stability" is a respite. But the ongoing time-freeze only postpones an eventual transition to modern universality. So far, the process has been glacial and selective, causing pain and uncertainty. It is time to take stock of the past half-decade and try to fix the broad contours of a foreseeable future.

A more stable country

The IEA's overall performance since the August 15, 2021 takeover has been a binary. On the positive side, though the IEA 2.0 transition was as chaotic as the IEA 1.0 transition in 1996, it spared the country from mass retribution. Afghanistan is now largely stable and secure. The country's "Badlands" were long associated with militant groups such as al-Qaeda. Their 9/11 attacks unleashed two decades of bloody U.S. retribution on both al-Qaeda and the IEA 1.0. The IEA 2.0 has disallowed the use of their territory for operations against other countries. During the past five years, an estimated 5.7 million refugees from Pakistan and Iran have returned to Afghanistan. While this return of an eighth of the country's population has exacerbated the penury, the government has managed it reasonably well. These unmistakable shifts from the ruinous policies of the previous Islamic Emirate (1996-2001) have partially mitigated the world's concerns.

But many of the IEA 2.0 domestic policies are a carbon copy of IEA 1.0; its socio-political contrast with the preceding western-designed Republic was widely perceived as a huge regression. To the universal abomination, Taliban 2.0 swiftly reinstated the harshest rules in the contemporary Islamic world: a ban on music, no education for girls beyond class six, gender segregation, lifting the ban on child marriages and a narrow power base shutting out women, non-Pashtuns and ethnic minorities. The Taliban theocrats defended these measures, citing Islamic Sharia, Sunni Deobandi Islam, Hanafi jurisprudence and Pashtun traditions.

The West, in particular, felt deeply betrayed by the Taliban's cynical disregard for their commitments under the transitional accord signed in Doha in 2020 to pave the way for U.S. and North Atlantic Treaty Organization (NATO) troop withdrawal. Two decades of the U.S. military campaign against the Taliban, which caused 6,379 deaths and cost $2.26 trillion in expenses, now seem in vain. Despite intense Pakistani lobbying for the IEA 2.0 to be accepted and formally recognised, there was global unanimity to withhold both till such draconian policies were moderated. The global community's response to the Taliban's re-takeover was framed by the United Nations Security Council resolution 2593 adopted on August 30, 2021. It demanded, *inter alia*, that Afghan territory not be used for terrorism and that human rights, including the rights of women, children, and minorities, be upheld. It also encouraged all parties to seek an inclusive, negotiated political settlement, with the full, equal, and meaningful participation of women, that responds to the desire of Afghans to sustain and build on the gains Afghanistan had made over the preceding 20 years, in adherence to the rule of law. Five years on, this resolution remains a cornerstone of global policy on the IEA.

The IEA 2.0's political architecture of an uncodified unitary theocracy evolved informally from the Quetta Shura, later called Rahbari Shura. It received the endorsement of 3,000 Afghan clerics and tribal leaders under the aegis of a Loya Jirga (Grand Assembly) held in Kabul in mid-2022. Accordingly, Hibatullah Akhundzada was appointed Supreme Leader (Amir al-Mu'minin), with combined powers as head of state, commander-in-chief, and religious leader of Afghanistan. He heads the 26-member Leadership Council, the IEA 2.0's top decision-making body, which includes Prime Minister Hassan Akhund and three Deputy Leaders. Its decisions are implemented by the Cabinet. The IEA 2.0 has often cited the Holy Koran as its Constitution and Hanafi jurisprudence as its common law.

Fragile economic progress

The latest available figures are tentative, but point to a relative improvement in the Afghan economy. Draconian measures have curbed rampant corruption and smuggling. Thanks to better fiscal discipline, the national currency, the Afghani, is stable. Consumer inflation was 2% in 2025. The Nominal GDP is $19.66 billion, contributed by services (49%), agriculture (26%), manufacturing and mining (13%) and construction (12%). Its growth rate for 2025 was 4.3% and is expected to be 2.3% in 2026. The country's GDP dropped by nearly 20% following the Taliban's return to power. The GDP/capita is only $448, less than one-sixth of India's.

Nearly half of Afghanistan's 49 million population lives under the national poverty line, facing acute food shortages. Still, most western official development assistance (ODA) remains suspended, and many multilateral agencies restrict their funding. Some non-governmental organisations have continued to help mitigate the dire situation. The population rose by 11% in 2025, largely due to immigration. This led to a 4% decline in GDP per capita despite healthy economic growth. Afghanistan has a Human Development Index (HDI) score of 0.496, among the world's lowest. Formal unemployment is put at 13.3%, with most women and a quarter of young men jobless. While foreign trade reached $13.9 billion in 2025, Afghan exports barely cover 15% of its imports. Despite a rise in tax revenues, negligible foreign investments and declining external grants leave the government with insignificant funds for welfare or decrepit infrastructure mauled by nearly five decades of instability. After the formation of IEA 2.0 in 2021, the U.S. froze $9.6 billion worth of Afghanistan's foreign assets.

During the past five years, the IEA 2.0 has sought international acceptance and legitimacy without undertaking the necessary domestic reforms. Nevertheless, the ostracising consensus has frayed, and realpolitik has spurred engagement. The IEA now claims to have 40 active diplomatic missions abroad and more than 20 countries represented in Kabul, even as Russia is so far the only country to have recognised the IEA and opened an embassy in Kabul. Pakistan, China, Iran and India have established links with Kabul at variously nuanced *de jure* levels without extending formal recognition. Some trade and mineral exploitation transactions have also been made. Iran, the Central Asian Republics, the Gulf countries and Türkiye have extended trade and logistical links. With the solitary exception of neighbouring Pakistan, with which it is in conflict, Afghanistan's links with most regional countries are stable.

New Delhi's Afghan engagement

India was initially sceptical of the IEA 2.0, but has since come full circle. New Delhi continues to conform to global norms by not having full diplomatic recognition, without preventing substantive bilateral engagement. Following the Afghan Foreign Minister's successful visit to India in October 2025, three other Afghan Ministers have also visited India. Despite Pakistan's denial of overland transit, India-Afghan annual trade has hovered around one billion dollars, with India becoming one of the largest markets for Afghan exports. India has provided the IEA with valuable humanitarian assistance. Indian mentoring has improved the Afghan cricket team's performance.

With five years of governance behind them, some IEA leaders are beginning to see the unsustainability of their hardline domestic socio-political agenda. For instance, the Taliban now claim that the ban on higher education for girls is due to a lack of funds for segregated education. The need of the hour now is for the world community to encourage this trend. It should collectively come up with a critical mass of incentives to gently induce the IEA to reform.

As South Asia's trendsetter, India is well suited to match mutual expectations and create a pathway for normalisation of IEA 2.0, preferably through a multilateral donors' conference. Ironically, five years ago, Pakistan tried to get the world to accept the IEA 2.0. It failed because the Taliban, then flushed with victory over the U.S., saw no need to adopt. In case India decides to take up this "great game", New Delhi would need to gingerly begin at both ends. A progressive and moderate Afghanistan, thus created, would be an asset not only to India but also to the world at large.

5. Afghanistan Under Taliban: Stability Without Inclusive Governance

Source: The Hindu — Editorial

GS: GS-II — International Relations | India–Afghanistan Relations | Governance & Human Rights

Context: Five years after the Taliban returned to power in **August 2021**, Afghanistan has achieved relative security and some economic stability, but continues to face **political exclusion, restrictions on women, poverty and limited international legitimacy**.

1. Security & Political Stability

● **Relative stability:** Large-scale conflict has declined significantly, providing greater internal security.

● **Refugee return:** Around **5.7 million refugees** have returned from Pakistan and Iran over the past five years.

● **Political concentration:** Power remains concentrated within the Taliban leadership, with limited **political pluralism and inclusive representation**.

● **International framework: United Nations Security Council Resolution 2593 (2021)** called for preventing terrorism from Afghan territory and emphasised **human rights and an inclusive political settlement**.

2. Women & Human Rights — Major Deficit

● **Women's restrictions:** Severe restrictions on **girls' education, women's employment and public participation** remain a major concern.

● **Social exclusion:** Women, minorities and sections of Afghan society remain inadequately represented in governance.

● **Core challenge:** Relative security has not translated into **rights-based and inclusive governance**.

3. Economy — Stability but Fragility

● **Economic recovery:** Improved fiscal discipline and reduced corruption have contributed to greater macroeconomic stability.

● **Growth:** Gross Domestic Product (GDP) grew **4.3% in 2025**, but growth is projected to slow to **2.3% in 2026**.

● **GDP composition: Services — 49%; Agriculture — 26%; Manufacturing & Mining — 13%; Construction — 12%.**

● **Poverty:** Nearly **half of the population** remains below the national poverty line.

● **Human Development:** Afghanistan's **Human Development Index (HDI) is 0.496**, among the lowest globally.

4. International Legitimacy vs Regional Engagement

● **Limited recognition:** Restrictions on women and lack of inclusive governance continue to constrain wider international recognition.

● **Growing regional engagement: China, Russia, Iran, Pakistan and Central Asian countries** have expanded practical engagement with Kabul.

● **De facto engagement:** More than **40 diplomatic missions** are active abroad and over **20 countries** have representation in Kabul.

● **Economic engagement:** Trade, minerals, connectivity and logistics are becoming important channels for engagement despite the absence of broad formal recognition.

5. India's Calibrated Engagement — Engagement Without Formal Recognition

● **Diplomatic presence:** India's Technical Mission in Kabul, established in **2022**, was upgraded to a **full-fledged Embassy of India in October 2025**, marking a significant deepening of functional engagement without formally recognising the Taliban regime.

● **High-level engagement:** Taliban Foreign Minister **Amir Khan Muttaqi visited India in October 2025**, followed by greater diplomatic and ministerial interaction.

● **Humanitarian & development support:** India continues assistance in **health, education, humanitarian relief and capacity building**.

● **Trade & connectivity:** India seeks stronger **trade, air connectivity and access to Central Asia**, including through **Chabahar**.

● **Strategic balance:** India is pursuing **pragmatic engagement while withholding formal recognition**, balancing security interests with concerns over governance and human rights.

6. Way Forward — From Stability to Sustainable Peace

● **Inclusive governance:** Encourage meaningful participation of **women, minorities and diverse Afghan groups**.

● **Women's rights:** International engagement should incentivise restoration of **girls' education and women's economic and public participation**.

● **Economic reconstruction:** Promote trade, investment, connectivity and regional economic integration to reduce dependence on external aid.

● **Counter-terrorism:** Ensure Afghan territory is not used as a base for **terrorist organisations threatening neighbouring countries**.

● **India's approach:** Continue **calibrated engagement without premature formal recognition**, while expanding humanitarian assistance, trade, connectivity and people-to-people ties.

57 lakh active workers await e-KYC under new job scheme

Centre had earlier assured that 'existing e-KYC verified job cards will remain valid until issuance of the new Gramin Rozgar Guarantee Cards'; States repeatedly missed e-KYC verification deadlines

Sobhana K. Nair
NEW DELHI

The e-KYC verification rate of registered workers stood at 71%, two months after the launch of the new rural employment scheme, Viksit Bharat Guarantee for Rozgar and Ajeevika Mission (Gramin) [VB-G RAM G]. The government earlier said that workers who were e-KYC verified under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) are eligible to avail of work under the new scheme.

On the eve of the nationwide rollout of VB-G RAM G, Union Rural Development Minister Shivraj Singh Chouhan assured that "existing e-KYC verified job cards will remain valid until the issuance of the new Gramin Rozgar Guarantee Cards, ensuring uninterrupted access to employment and timely payment of wages".

Meanwhile, the e-KYC verification rate of active workers – those who availed of work at least once in the last three years – is much higher at 94.88%. However, this still leaves 57 lakh workers unverified.

The delay raises questions about whether people could face difficulty accessing work because of administrative gaps. FILE PHOTO

The Ministry has allowed exceptions in a few cases where job cards have not been e-KYC verified and has reiterated that no eligible worker will be left behind, while simultaneously making e-KYC verification a condition for availing of work under VB-G RAM G.

The number of active workers left behind is also significant when viewed against comparative employment generation under MGNREGS and VB-G RAM G in July. Official data (as of August 9, 2026) show that only 7.67 crore person-days were generated under the VB-GRAM G scheme in July 2026, which was 49.94% lower than the 15.33 crore person-days generated under MGNREGS in the same month last year. A person-day is a unit of measurement based on the amount of work done by one person in a working day.

Missed deadlines

At a meeting on January 30, the Rural Development Ministry asked States to complete e-KYC verification of all remaining active workers within a week as part of the transition to the new VB-G RAM G system, the RTI application filed by Chakradhar Buddha of the National Campaign for People's Right to Information (NCPRI) revealed.

On February 12, States were again asked to complete e-KYC verification of active workers, this time by the end of February. Nearly seven months later, the latest figures show that the target was not met.

Implementation gaps

With e-KYC still pending for a section of active workers, and for a much larger section of all registered workers, the delay raises questions about whether workers could face difficulties accessing work because of the gap between the Ministry's deadlines and the pace of implementation on the ground.

Among the four States with the largest MGNREGS workforces, Tamil Nadu has the highest e-KYC rate in both categories, with 99.32% among active workers and 84.89% among all registered workers. Rajasthan follows at 95.66% and 69.45%, Uttar Pradesh at 94.21% and 58.89%, and Andhra Pradesh at 90.4% and 82.32%.

West Bengal reported e-KYC rates of 97.3% among active workers and 85.49% among all registered workers. Bihar reported 89.19% among active workers and 58.05% among all registered workers, among the lowest rates for the latter category among large States.

6. VB-G RAM G: Recasting India's Rural Employment Guarantee

Source: The Hindu
GS: GS-II — Government Schemes | GS-III — Rural Development | Employment | Inclusive Growth

Context: The **Viksit Bharat–Guarantee for Rozgar and Ajeevika Mission (Gramin) [VB-G RAM G] Act, 2025** replaced the **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)** from **1 July 2026**, raising the employment guarantee from **100 to 125 days** while linking rural employment more closely with productive assets, livelihoods and climate resilience.

1. VB-G RAM G vs MGNREGA — Major Changes

● **Employment guarantee: 100 days → 125 days** per rural household in a financial year.

● **Development focus:** The new framework emphasises **water security, core rural infrastructure, livelihood infrastructure and extreme-weather mitigation**, with Gram Panchayat-level planning and convergence with other schemes.

● **Agricultural season:** Provision is made for up to **60 days of pause in scheme works during peak sowing and harvesting**, to ensure availability of labour for agriculture.

● **Funding architecture:** MGNREGA was predominantly centrally funded — the Centre paid **100% of unskilled wage costs and 75% of material costs**. VB-G RAM G is a **Centrally Sponsored Scheme**: **60:40 Centre–State** for most States, **90:10** for North-Eastern and Himalayan States and specified Union Territories, with **100% central funding for Union Territories without legislatures**.

● **Normative allocation:** Unlike the earlier demand-driven funding approach, the new framework provides **State-wise normative allocations**; expenditure beyond the prescribed allocation can create a greater financial responsibility for States.

● **Technology & accountability:** Greater emphasis on **e-KYC, digital monitoring, Direct Benefit Transfer (DBT), social audits and grievance redressal**.

2. Key Issues After Implementation — Access, Finance & Employment

● **e-KYC:** e-KYC coverage among active workers has reached **94.88%**, but around **57 lakh active workers remain unverified**; overall registered-worker coverage is about **71%**. This creates a potential **digital-exclusion risk**.

● **Funding burden:** The shift to **60:40 Centre–State financing** means States now bear a substantially larger share of programme expenditure than under MGNREGA. This can be difficult for fiscally constrained States, particularly when employment demand is high.

● **Normative allocation:** If actual demand exceeds the prescribed allocation, States may face pressure to finance additional expenditure, raising concerns about the **demand-driven character of the employment guarantee**.

● **Wage adequacy:** The national average notified wage increased from **₹298.8 to ₹327.4 per day**, with a new **₹300 interim base wage**. However, nominal increases must be assessed against **inflation and rural living costs**.

● **Employment generation:** Only **7.67 crore person-days** were generated in July 2026, compared with **15.33 crore** under MGNREGA in July 2025 — a decline of about **49.94%**, raising questions about the pace of transition and actual availability of work.

● **Implementation capacity:** States and Gram Panchayats must simultaneously manage **new job cards, e-KYC, digital systems, fund-sharing, work planning and timely wage payments**, making administrative capacity critical.

3. Way Forward — Protect the Right to Work

● **e-KYC without exclusion:** Provide assisted, decentralised verification so that technology does not become a barrier to employment.

● **Adequate funding:** Ensure timely fund releases and mechanisms to respond when **genuine employment demand exceeds normative allocations**.

● **Protect real wages:** Regularly review wage rates against **inflation, rural consumption costs and prevailing agricultural wages**.

● **Strengthen Panchayats:** Build local capacity for **work identification, planning, monitoring and social audits**.

● **Measure employment outcomes:** Track **work demanded, person-days generated, wage delays and exclusion**, rather than treating digital compliance as the primary measure of success.

● **Create productive assets:** Use the enhanced employment guarantee for **water security, livelihood creation, rural infrastructure and climate-resilient development**.

India, Canada re-commit to seal trade deal by end 2026

India had also expressed its readiness to begin negotiations on a Bilateral Investment Treaty "at the earliest," according to a joint statement issued by the Finance Ministers of both the countries

T.C.A. Sharad Raghavan
NEW DELHI

Finance and Corporate Affairs Minister Nirmala Sitharaman and Canadian Minister of Finance and National Revenue François-Philippe Champagne issued a joint statement reiterating the two countries' commitment to conclude the India-Canada trade deal by the end of 2026.

They also said India expressed readiness to start talks on a Bilateral Investment Treaty 'at the earliest'. The statement followed the conclusion of the inaugural India-Canada Finance Ministers' Economic and Financial Dialogue in Toronto.

Meeting point: Mr. Champagne (left) and Ms. Sitharaman at a discussion at the Canadian Club, Toronto. THE CANADIAN PRESS VIA AP

Trade, investment deals

"The Dialogue builds on the commitment made by PM Mark Carney and PM Narendra Modi during a meeting in New Delhi in March to strengthen bilateral economic and financial cooperation, including the shared commitment to conclude Canada-India Comprehensive Economic Partnership Agreement (CEPA) talks by the end of 2026," the statement said.

During the Dialogue, the Ministers discussed the mutual benefits of strengthening bilateral economic and investment ties, support financial and commercial linkages and the two PMs' shared aspiration to boost bilateral trade to ₹4.65 lakh crore by 2030 from ₹70,354 crore in 2025-26.

The Ministers also discussed ways to facilitate greater engagement between Indian and Canadian financial institutions and institutional investors and to explore commercially viable investment opportunities across sectors of mutual interest.

Bilateral deals

Ms. Sitharaman later told the press on how current global economic scenario had shown bilateral engagements are becoming increasingly significant.

She also pitched for even more from Canadian pension fund investments.

"Canadian pension fund has been very much engaged with India," she noted. "We would like more of them to be here with us because, since 2020, we put out a complete list of the national pipeline for asset monetisation in India. And that has become a very growing pipeline of investment opportunities for those seeking higher returns on investments."

7. India, Canada re-commit to seal trade deal by end 2026

Source: The Hindu |**GS:** GS-II — India–Canada Relations | GS-III — International Trade | Investment

Context: India and Canada have renewed their economic engagement, committing to conclude negotiations for a **Comprehensive Economic Partnership Agreement (CEPA) by the end of 2026** and exploring an early **Bilateral Investment Treaty (BIT)**.

1. Trade & Investment — Renewed Economic Partnership

● **CEPA by 2026:** Both countries reaffirmed their commitment to conclude the **Canada–India CEPA negotiations by end-2026**, signalling a reset in bilateral economic relations.

● **Trade target:** The two sides aim to increase bilateral trade to **CAD 70 billion (about ₹4.65 lakh crore) by 2030**, from around **₹70,354 crore in 2025–26**.

● **Bilateral Investment Treaty:** India has expressed readiness to begin **BIT negotiations at the earliest**, aimed at creating greater certainty and protection for investors.

● **Institutional investment:** Both sides recognise the importance of **Canadian pension funds and other long-term institutional investors** in India's investment ecosystem.

2. Financial & Digital Cooperation

● **Cross-border payments:** India and Canada are exploring cooperation on **remittances and merchant payments** to make cross-border transactions faster and more cost-effective.

● **Unified Payments Interface (UPI):** Both sides are exploring wider use of **UPI in Canada through partnerships with payment-service providers**, which could facilitate trade, tourism, education and small-business transactions.

● **Financial-sector cooperation:** Discussions cover **FinTech, capital markets, financial stability, payments modernisation and combating financial crime**.

3. Strategic Economic Opportunities for India

● **Critical minerals:** Cooperation can help develop **resilient and diversified critical-mineral supply chains**, important for India's clean-energy and advanced-manufacturing ambitions.

● **Long-term capital:** Greater participation of Canadian pension funds can provide **patient institutional capital** for Indian infrastructure and other investment opportunities.

● **Sectoral cooperation:** The renewed engagement opens opportunities in **energy, technology, artificial intelligence, infrastructure, financial services and natural resources**.

● **Economic complementarity:** Canada offers **capital, natural resources and advanced technologies**, while India provides a large market, skilled workforce and expanding demand—creating scope for mutually beneficial economic integration.