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POST BRICS SUMMIT

Why India's stance on WTO plurilateral deals may be shifting

Ravi Dutta Mishra

New Delhi, September 15

INDIA COULD be warming up to the idea of plurilateral deals backed by major trading powers including China, months after it lodged its strong reservation against such pacts at the last World Trade Organisation (WTO's) at 14th Ministerial Conference (MC14) in Cameroon.

"We will ensure the implementation of the MC14 outcomes and continue to engage constructively towards the resolution of outstanding issues. We will engage constructively in the WTO reform to enhance the WTO's authority, effectiveness, inclusiveness, and relevance, and build an open world economy.

"In this regard, we recognise that it is important to identify appropriate pathways for plurilateral initiatives into the WTO legal framework including on development-oriented issues, and to explore the formulation of forward-looking rules in the WTO," the BRICS Delhi Declaration 2026 said.

This comes as the Delhi Declaration 2026 on Saturday said BRICS members recognise the importance to identify "pathways" for plurilateral initiatives in the WTO legal framework.

Plurilateral agreements are negotiated and implemented by exclusive groups rather than by all WTO members, and have

begun being featured prominently in various WTO reform-related proposals.

However, India has blocked insertion of IFD plurilateral into the WTO rule book. Under WTO rules, a plurilateral agreement can be included into the family of agreements "exclusively by consensus".

The IFD or Investment Facilitation for Development initiative is a plurilateral pact launched by the WTO in 2017, aimed at enhancing foreign direct investment (FDI) flows.

Guardrails against plurilateral pacts

An expert said that India has so far strongly opposed plurilateral agreements. At the Cameroon Ministerial Conference of the WTO held earlier this year in March, New Delhi had talked about developing guardrails on plurilateral agreements. But despite India being the BRICS chair, it is significant that the term "guardrails" is missing.

"The BRICS statement mentions plurilateral on development related issues. This does not make sense. To illustrate, if we want a permanent solution on food security, can we start a plurilateral?

"But if developed countries don't join the plurilateral, we will get nothing meaningful out of it. Similarly, if we want a reduction in farm subsidy of the developed countries and developed countries don't par-

ticipate in that plurilateral, the outcome will be irrelevant.

On development related issues, plurilateral cannot be the route, it has to be multilateral," the expert said.

Opposing the China backed Investment Facilitation for Development Agreement (IFD) at MC14, India said that IFD's incorporation risks eroding the foundational principles and functional limits of the WTO.

India indicated that as part of WTO reform discussions, members are seeking guardrails and legal safeguards for plurilaterals before integration of any specific plurilateral outcome.

"Hence, India did not agree to incorporation of the IFD into the WTO framework as an Annex 4 agreement. In view of the systemic issue at hand, India showed openness to first have good faith comprehensive discussions and constructive engagement under the WTO Reform Agenda," the Commerce and Industry Ministry said in March this year.

So the direct implication of India identifying pathways for plurilaterals could be to lift its reservation on the IFD plurilateral agreement. This would represent a significant change in India's stand on plurilaterals. India was the only country opposing it citing systemic risks and on grounds that investment is not a core trade issue. **FULL REPORT ON**

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Q17. “विश्व व्यापार संगठन (डब्ल्यू.टी.ओ.) के अधिक व्यापक लक्ष्य और उद्देश्य वैश्वीकरण के युग में अंतर्राष्ट्रीय व्यापार का प्रबंधन और प्रोन्नति करना है। परन्तु (संधि) वार्ताओं की दोहा परिधि मृतोन्मुखी प्रतीत होती है, जिसका कारण विकसित और विकासशील देशों के बीच मतभेद है।” भारतीय परिप्रेक्ष्य में, इस पर चर्चा कीजिए।

“The broader aims and objectives of WTO are to manage and promote international trade in the era of globalization. But the Doha round of negotiations seem doomed due to differences between the developed and the developing countries.” Discuss in the Indian perspective.

12 $\frac{1}{2}$

19. यदि 'व्यापार युद्ध' के वर्तमान परिदृश्य में विश्व व्यापार संगठन (डब्ल्यू.टी.ओ.) को जिन्दा बने रहना है, तो उसके सुधार के कौन-कौन से प्रमुख क्षेत्र हैं, विशेष रूप से भारत के हित को ध्यान में रखते हुए?

(उत्तर 250 शब्दों में दीजिए)

What are the key areas of reform if the WTO has to survive in the present context of 'Trade War', especially keeping in mind the interest of India?

(Answer in 250 words) 15

Q.20. विश्व व्यापार संगठन (डब्ल्यू.टी.ओ.) एक महत्वपूर्ण अंतर्राष्ट्रीय संस्था है, जहाँ लिए गए निर्णय देशों को गहराई से प्रभावित करते हैं। डब्ल्यू.टी.ओ. का क्या अधिदेश (मैंडेट) है और उसके निर्णय किस प्रकार बंधनकारी हैं? खाद्य सुरक्षा पर विचार-विमर्श के पिछले चक्र पर भारत के दृढ़-मत का समालोचनापूर्वक विश्लेषण कीजिये।

WTO is an important international institution where decisions taken affect countries in a profound manner. What is the mandate of WTO and how binding are their decisions?

Critically analyse India's stand on the latest round of talks on Food security. 12 $\frac{1}{2}$

1. India's Stand on WTO Plurilateral Deals May Be Shifting

Source: The Indian Express

GS-2: International Relations, WTO, Global Trade Governance

1. Context

- The **BRICS New Delhi Declaration** has opened a discussion on bringing plurilateral initiatives into the **World Trade Organization (WTO)** framework, raising questions about India's traditionally cautious position.

2. WTO and Plurilateral Agreements

- **World Trade Organization:** Established in 1995, the WTO provides the rules and institutional framework for international trade.
- **Multilateral approach:** WTO negotiations traditionally involve the wider membership and operate largely through consensus.
- **Plurilateral approach:** A smaller group of willing members negotiates an agreement on a specific issue.
- **Key concern:** India has argued that plurilateral rule-making should not bypass developing countries or weaken the WTO's inclusive, member-driven character.
- **Annex 4:** A plurilateral agreement can become part of the WTO framework through Annex 4, but its incorporation requires consensus among WTO members.

3. Why India Opposed the Investment Facilitation for Development Agreement

- **Investment Facilitation for Development (IFD):** A WTO initiative launched in 2017 to make investment procedures more transparent, predictable and efficient.
- **India's objection:** At the WTO's **14th Ministerial Conference (MC14)**, India opposed incorporating the IFD Agreement into the WTO rulebook.
- **Trade versus investment:** India has maintained that investment facilitation does not fall within the traditional core of WTO trade rules.
- **Policy space:** India is concerned that expanding WTO disciplines into new areas could constrain developing countries' ability to pursue their development priorities.
- **Precedent:** India's concern extends beyond IFD because accepting one plurilateral agreement could create a broader precedent for future agreements.

4. What Happened at BRICS and What Comes Next?

- **BRICS position:** The New Delhi Declaration recognised the need to explore **appropriate pathways for plurilateral initiatives to be incorporated into the WTO legal framework.**
- **Possible change in approach:** This language creates room for India to move from outright resistance towards **examining plurilateral agreements on their individual merits.**
- **No blanket acceptance:** The BRICS declaration does not mean India has accepted the IFD Agreement or all plurilateral arrangements.
- **Safeguards:** India is likely to seek legal safeguards ensuring that new agreements remain compatible with WTO principles and do not undermine developing-country interests.
- **Broader objective:** India can use BRICS to push for **WTO reform, greater representation of developing economies and a stronger multilateral trading system.**

5. Significance for India and the WTO

- **Greater negotiating flexibility:** Plurilateral agreements can provide a way forward on issues where consensus among all WTO members remains difficult.
- **India's influence:** Conditional participation could allow India to shape emerging trade rules rather than remain outside their development.
- **Developing-country interests:** India can continue protecting policy space on agriculture, food security, subsidies and industrial development.
- **WTO reform:** The debate reflects the larger challenge of making the WTO more effective without fragmenting the multilateral trading system.
- **BRICS role:** The issue gives BRICS an additional platform to coordinate positions on global trade governance and reform of international economic institutions.

The end of the free lunch

IT IS A peculiarity of Indian public debate that a country which cheerfully pays ₹30 to have biscuits delivered to the doorstep should treat a modest charge for moving money through one of the world's most sophisticated payment systems as an outrage. The difference is not hard to spot. The delivery fee is visible; the cost of a UPI transaction has been hidden — first by regulatory fiat, then by the government and the payments industry quietly picking up the tab. That arrangement made sense when the Unified Payments Interface needed nurturing. It makes progressively less sense now.

The government's notification late Monday evening opened the door to a merchant discount rate (MDR) on UPI payments above ₹2,000. On Tuesday, the National Payments Corporation of India (NPCI) filled in the details: 0.4% on person-to-merchant payments above that threshold, capped at ₹300 for transactions of ₹75,000 and above, effective October 15. Person-to-person transfers stay free, as do all payments up to ₹2,000; consumers pay nothing, apps cannot levy platform fees, and merchants cannot pass the charge on. Much of the criticism has proceeded as though every cup of tea paid for by QR code is about to cost more. It isn't — the framework now says so in writing.

Consider the numbers. In 2025-26, transactions above ₹2,000 made up only about 4% of person-to-merchant UPI payments by volume, but roughly two-thirds by value. The ₹2,000 cut-off is reasonably clever: a revenue stream for the ecosystem, while the overwhelming majority of everyday transactions stay untouched.

Nor is UPI any longer a fledgeling public good in need of protection from pricing. In August it processed 24.51 billion transactions worth ₹29.9 lakh crore — nearly 800 million a day. Running a network of that scale — servers, switches, cyber-security, fraud monitoring — costs



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an estimated ₹20,000 crore a year, even if the consumer has been taught to believe the transaction costs nothing.

The zero-MDR rule of 2020 had its logic. India wanted a shift from cash to digital payments, and abolishing the merchant charge speeded adoption. Few public-policy experiments can claim success on this scale. But a subsidy is meant to create a market, not become a permanent substitute for one. Once a market reaches critical mass, the question changes: not how to subsidise adoption, but how to make the thing pay for itself.

UPI has never been free; someone has always paid. Banks and payment firms absorbed costs, while the government periodically compensated parts of the ecosystem — reportedly ₹8,730 crore between 2021-22 and 2024-25. Yet a parliamentary standing committee found this covered barely 11% of the industry's costs. The case for keeping a vegetable vendor's ₹300 payment free is easy to make; the case for the exchequer subsidising a ₹20,000 payment to a large retailer is a good deal harder.

Consumers understand such distinctions perfectly well elsewhere. They pay convenience fees to book tickets, platform charges to order food, and delivery fees — sometimes startling ones — for ten-

minute groceries. Credit-card payments carry an MDR of 1.5-2.5%. Only the fee for moving money instantly between bank accounts has acquired the status of a tax on digital India.

Has the government got the design right? Largely, yes. At 0.4%, the rate sits below the 0.9% ceiling that applied to debit cards before 2020 and at a fraction

of credit-card charges, and the ₹300 cap keeps high-value costs predictable. The carve-outs are sensibly drawn: micro-merchants under the P2PM (person-to-person-merchant) category — small vendors collecting up to ₹1 lakh a month by QR — pay nothing regardless of ticket size, while thin-margin and public-service sectors such as fuel, utilities, insurance, telecom, and railways pay a flat ₹5, and capital-market payments a token 0.02%.

The familiar Indian genius for thresholds and exceptions has already asserted itself.

But each tier is defensible, and the real tests lie ahead: whether merchant categorisation becomes a boundary to be gamed, whether large merchants nudge customers towards splitting bills into sub-₹2,000 pieces, and whether the ban on passing charges to consumers survives contact with the neighbourhood till. The government should also resist treating the MDR

as a revenue source of its own; the NPCI says proceeds stay within the payments ecosystem, and so they should.

There is a competition argument as well — one the NPCI itself now makes. UPI has produced an enormous market without attractive economics for those running it. If more transactions merely mean more costs, only deep-pocketed conglomerates can afford to stay in the game. A sensible MDR creates a pool from which the ecosystem can be paid — and might even spur genuine competition in a market where PhonePe and Google Pay together handle roughly four-fifths of transactions.

The government deserves only a couple of cheers, though. One could ask why it took six years to concede that payment infrastructure has a cost. Having decreed zero MDR in 2020 and subsidised the system since, it is now asking those who derive commercial benefit from larger transactions to bear some of the burden — less a policy breakthrough than overdue housekeeping. Nor is support vanishing: a dedicated fund carved out of MDR proceeds will subsidise payment infrastructure in tier-III to tier-VI centres and finance small-merchant onboarding, with details to be settled with the RBI in three months. UPI has the character of public infrastructure, and universal, inexpensive access is worth preserving. But "inexpensive" and "free for every transaction for ever" are not the same thing.

India has already won the adoption battle. The QR code is ubiquitous, and cash is no longer the default for millions of transactions. The challenge now is to keep the system reliable, secure, and innovative as volumes multiply. A free lunch is useful when you are coaxing people into the restaurant. Once a vast number is inside, insisting that lunch stay free for ever is not consumer protection. It is refusing to look at the bill. From October 15, the bill arrives at the table.

2. The End of the Free Lunch

Source: The Indian Express

GS-3: Indian Economy, Digital Payments, Financial Infrastructure

1. Context

- The government has introduced a **Merchant Discount Rate (MDR)** on selected UPI merchant payments above ₹2,000 from **15 October 2026**, ending the long-standing zero-MDR model for these transactions.

2. Unified Payments Interface: Basic Understanding

- **Unified Payments Interface (UPI)** is India's real-time digital payment system operated by the **National Payments Corporation of India (NPCI)**.
- It allows instant bank-to-bank payments through mobile applications using identifiers such as **UPI IDs and QR codes**.
- It supports both **person-to-person (P2P)** transfers and **person-to-merchant (P2M)** payments.
- Its zero-cost model played an important role in making digital payments widely accessible and reducing dependence on cash.
- UPI has reached enormous scale: it processed about **24.51 billion transactions worth ₹29.9 lakh crore in August 2026**.

3. What is Merchant Discount Rate?

- **Merchant Discount Rate (MDR)** is the fee charged within the payment ecosystem for processing a digital payment made to a merchant.
- It is **not a tax** and is not a charge collected by the government as general revenue.
- The amount is distributed among participants such as **banks, payment service providers and UPI application providers** for providing and maintaining the payment infrastructure.
- The purpose is to create a sustainable revenue source for maintaining **servers, cybersecurity, fraud prevention, technical infrastructure and innovation**.

4. What Has Changed?

- **Above ₹2,000:** P2M UPI transactions will generally attract **0.4% MDR** from October 15.
- **₹75,000 and above:** The MDR will be capped at **₹300 per transaction**.
- **Up to ₹2,000:** P2M transactions remain free.
- **P2P payments:** Remain completely free, irrespective of the amount.
- **Small merchants:** Merchants receiving up to **₹1 lakh per month through UPI QR codes** under the specified small-merchant category remain exempt.
- **Essential services:** Transactions above ₹2,000 in sectors such as railways, telecom, insurance and fuel will attract a **flat ₹5 MDR**.

- **Capital-market payments:** A lower **0.02% MDR**, capped at ₹300, applies to specified capital-market transactions.
- **Consumers:** The MDR is not to be passed on to consumers; the charge operates within the merchant-payment ecosystem.

5. Why This Change?

- **Financial sustainability:** UPI operates at enormous scale and requires continuous expenditure on technology, cybersecurity and fraud monitoring.
- **Reducing subsidy dependence:** The earlier zero-MDR model required government support to compensate parts of the payment ecosystem.
- **Targeted approach:** More than **95% of P2M transactions by volume** remain outside the MDR because they are ₹2,000 or below.
- **Revenue within the ecosystem:** The objective is to generate resources for strengthening UPI rather than turning it into a general government revenue source.

6. Larger Debate and Way Forward

- **Affordability:** UPI's success has depended partly on its low-cost nature, so charges must not discourage digital payments.
- **Merchant burden:** Even a small MDR can matter for businesses operating on thin margins; safeguards are therefore important for small merchants.
- **Competition:** The revenue model should support healthy competition among banks, fintech firms and payment platforms.
- **Infrastructure investment:** A sustainable funding model is necessary for cybersecurity, reliability and continued expansion of UPI.
- **Public digital infrastructure:** The policy challenge is to preserve UPI as an inexpensive and widely accessible payment system while ensuring that those benefiting commercially from the infrastructure contribute towards its maintenance.

The right way to regulate artificial intelligence

Calls grow for independent public oversight of the AI frontier

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U.S. President Donald Trump's decision earlier this year to put Treasury Secretary Scott Bessent in charge of implementing his executive order on AI oversight marked what initially appeared to be a significant shift in America's approach to tech governance.

Such a change was unlikely to come from the AI industry or sectoral regulators, both of which remain wedded to the familiar narrative that regulation stifles innovation and that the overriding policy priority is to beat China by developing the world's most advanced AI models—including, ultimately, superintelligence.

While Bessent shares the administration's determination to defeat China, placing the Treasury Department at the center of AI oversight in the United States brought a welcome institutional perspective. Seen through the lenses of national security, cybersecurity, financial stability and critical infrastructure, AI calls for a very different regulatory philosophy from the hands-off, free-market approach that has otherwise defined Trump's AI policy.

The clearest sign of that potential shift was Bessent's recent proposal to create a new regulatory body modeled on the Financial Industry Regulatory Authority (FINRA)—an industry-funded self-regulatory organization that supervises broker-dealers under a framework authorized by Congress and overseen by the Securities and Exchange Commission. While the proposal gained rapid momentum over the summer, it has since stalled in the West Wing amid intense pushback from tech leaders.

The good news is that, for the first time, a U.S. administration seriously considered a dedicated body to protect the public interest by evaluating frontier AI models before they are released. The problem is that the proposed agency is modeled on FINRA, which is governed and funded by the very industry it regulates. It is hardly surprising, then, that Google DeepMind CEO Demis Hassabis actively advocated this approach.

Beyond the obvious conflict of interest, however, this model has a more fundamental flaw: it is not designed to detect systemic risk. That weakness was laid bare during the 2008 global financial crisis, which is estimated to have cost the U.S. economy \$22 trillion and prompted the Dodd-Frank reforms, including the creation of the Financial Stability Oversight Council.

A FINRA-style model is ill-suited to AI oversight. Instead, governments should build their own AI expertise, drawing on the public oversight mechanisms introduced after the emergence of generative AI. One such measure was former U.S. President Joe Biden's executive order requiring developers of frontier AI models to share the results of their safety tests with the federal government before release. That same year, U.K. Prime Minister Rishi Sunak launched the AI



Safety Summit, commissioned the inaugural International AI Safety Report and paved the way for the establishment of the AI Safety Institutes.

Following the unveiling of Anthropic's Myths—the most powerful frontier model to date—Trump issued his own executive order. But because the White House has held back on codifying Bessent's FINRA framework, pre-release evaluation remains entirely voluntary. That creates a profound imbalance: Today's increasingly powerful AI systems require independent public institutions with the expertise and authority to oversee them, and the current, deadlocked approach provides neither.

The same asymmetry is evident in how governments approach AI risks. They tend to treat AI primarily as a national-security challenge, while devoting far fewer resources to addressing its effects on employment, health care, education and other aspects of everyday life. Even the European Union's AI Act, despite requiring assessments of such societal risks, places greater emphasis on cybersecurity.

One notable exception is the growing recognition of the risks AI poses to children online, which has led to legislative and judicial

action in many countries, including the U.S. But its broader societal consequences—such as its effects on cognitive development, women's economic opportunities and privacy—have yet to prompt a coherent strategic response.

These skewed priorities can be traced to the framing of AI development as a geopolitical race. But technological leadership means little if it comes at the expense of workers' health, social resilience and people's ability to lead meaningful lives. A country that develops the world's most capable AI models while leaving its workforce deskilled and its public discourse polluted by misinformation has not won anything worth winning.

Addressing these societal challenges is not at odds with competitiveness. On the contrary, it is essential to both competitiveness and national security. Ultimately, what determines success in the age of AI is not just the capabilities of a country's frontier models, but also the strength of the institutions that protect its citizens' welfare: schools and universities, health and social care and an independent judiciary.

Yet those are precisely the institutions struggling to keep pace with technological

change. In education and labor markets, the OECD has found that AI's benefits are accruing unevenly, reinforcing existing inequalities: Students who are already advantaged are better positioned to benefit from AI-powered learning, while skilled workers adapt more easily than those with fewer qualifications.

Similar trends can be seen in health care, social welfare and the justice system. As decision-making is delegated to AI at scale, mistakes become harder to challenge, especially for those least able to do so. An AI-hallucination database maintained by Damien Charlotin of HEC Paris has documented more than 1,800 cases worldwide in which judges identified fabricated AI-generated material, often submitted by self-represented litigants who could not afford legal counsel.

The implications for judicial integrity are far-reaching. Courts depend on the ability to verify facts and evidence, but AI is making that task increasingly difficult, with the burden falling disproportionately on those already at a disadvantage. For example, India's Supreme Court recently set aside two tribunal rulings based on nonexistent case law, warning that reliance on unverified AI-generated precedents "subverts the rule of law".

To be sure, many of AI's societal effects cannot be evaluated before deployment in the same way as cybersecurity risks. But that is all the more reason for continuous public oversight.

Instead of another industry-run agency or the current policy paralysis, what the U.S. and other countries need is the AI equivalent of the Financial Stability Oversight Council: a regulatory body charged with identifying systemic risks to education, health, labor markets and the judiciary. We have already established such bodies to safeguard financial stability and national security. It is time to do the same for the institutions on which society depends.

Gabriela Ramos, co-chair of the Task Force on Inequalities and Social-Related Financial Disclosures, is a former assistant director-general for social and human sciences at UNESCO and a former OECD chief of staff and sherpa to the Group of 20, Group of Seven and APIC. Emilijka StojimenoVA Duh, associate professor of electrical engineering at the University of Ljubljana and a former minister of digital transformation of Slovenia. © Project Syndicate, 2026.

U.S. Treasury Secretary Scott Bessent attends a Cabinet meeting at Camp David, Maryland, on July 31. Donald Trump's move to elevate the Treasury secretary to a central role in AI governance signaled an attempt to shift U.S. oversight of the technology. AFP/III

3. The Right Way to Regulate Artificial Intelligence

Source: Project Syndicate

GS-3: Science & Technology, Artificial Intelligence, Governance

1. Context

- Rapid advances in **Artificial Intelligence (AI)** have created risks extending beyond technology into employment, healthcare, education, cybersecurity and national security.
- Effective regulation must address these risks while allowing beneficial AI innovation to continue.

2. Why AI Regulation Is Challenging

- **Rapid evolution:** AI capabilities are developing faster than conventional regulatory frameworks.

- **Wide-ranging impact:** AI can affect economic opportunities, public services, labour markets and social relations.
- **Systemic risks:** Highly capable AI systems can create consequences across entire sectors rather than affecting only individual users.
- **Technical complexity:** Regulators need specialised expertise to independently assess increasingly sophisticated AI systems.
- **Self-regulation limits:** Voluntary safeguards may be inadequate where commercial incentives conflict with broader public interests.
- **Unequal impact:** AI-powered learning, automation and digital services can widen existing inequalities if access and skills are uneven.

3. Areas Requiring Stronger Oversight

- **National security and cybersecurity:** Prevent misuse of advanced AI for cyberattacks and other security threats.
- **Employment:** Prepare workers for automation and ensure that productivity gains do not disproportionately increase inequality.
- **Healthcare:** Require reliability, accountability and human oversight where AI influences medical decisions.
- **Education:** Address unequal access, AI-generated misinformation and excessive dependence on automated learning.
- **Justice:** Ensure that AI-generated evidence and AI-assisted decisions remain subject to verification and legal safeguards.
- **Misinformation:** Control large-scale generation and dissemination of convincing fabricated content.
- **Children:** Provide stronger safeguards against manipulation and harmful AI-generated content.

4. Measures for Responsible AI Governance

- **Independent oversight:** Create credible public mechanisms capable of assessing powerful AI systems independently.
- **Government expertise:** Develop specialised technical capacity within governments and regulatory bodies.
- **Pre-deployment testing:** Evaluate high-capability systems for safety, reliability, cybersecurity and harmful uses before widespread deployment.
- **Risk-based regulation:** Apply stricter requirements to high-risk applications while keeping lower-risk uses subject to lighter regulation.
- **Transparency:** Require adequate disclosure about capabilities, limitations, testing and potential risks.
- **Human accountability:** Important decisions affecting rights, health, employment or justice should retain meaningful human oversight.
- **Continuous monitoring:** Assess AI systems even after deployment because risks can emerge through real-world use.

- **International cooperation:** Develop common standards because AI systems and their impacts operate across national boundaries.

5. **Way Forward**

- Balance **innovation with public safety**, avoiding both unrestricted deployment and excessive regulation.
- Strengthen cooperation among **governments, technology companies, researchers and civil society**.
- Make regulation adaptable so that rules can keep pace with rapidly changing AI capabilities.
- Focus regulatory attention on **high-impact and potentially systemic applications**.
- Ensure that AI development remains aligned with **human welfare, accountability, equality and democratic governance**.

Six States sign ₹15,624-crore pact; tenth water dispute set to end under PM Modi: Shah

The Centre will bear approximately 90% financial burden of Kishau multipurpose project while remaining 10% will be borne by the participating States in accordance with a 1994 agreement

The Hindu Bureau
CHANDIGARH

Himachal Pradesh, Haryana, Uttarakhand, Uttar Pradesh, Delhi and Rajasthan on Tuesday signed an agreement for the implementation of the 422 MW Kishau multipurpose project, to be built at an estimated cost of ₹15,624 crore. The project will come up on the Tons river along the Uttarakhand-Himachal Pradesh border.

In the presence of Union Home Minister Amit Shah and Union Jal Shakti Minister C.R. Patil, the Chief Ministers of six States: Yogi Adityanath of Uttar Pradesh, Pushkar Singh Dhami of Uttarakhand, Sukhvinder Singh Sukhu of Himachal Pradesh, Rajasthan's Bhajan Lal Sharma, Rekha Gupta of Delhi and Nayab Singh Saini of Haryana signed the project agreement in New Delhi.

Terming the agreement as "historic", Mr. Shah said that since Narendra Modi became the Prime Minister,



Union Home Minister Amit Shah with CMs of Delhi, Uttarakhand, Uttar Pradesh, Haryana, Himachal and Rajasthan during signing of an MoU for the Kishau power project in New Delhi on Tuesday. ANI

this is the tenth water dispute that is now set to be resolved. The Centre will bear approximately 90% of the financial burden of the project, while the remaining 10% will be borne by the participating States in accordance with the 1994 agreement. A 232.6-metre-high concrete gravity dam will be constructed on the Tons with a water storage capacity of 1,562 million cubic metres. It will irrigate 97,000 hectares of land and generate 1,476 million units of clean hydropower. The Union Home Minister said Delhi will be the biggest beneficiary of the project.

Mr. Sukhu said the Himachal government's efforts have resulted in breaking the eight-year-old deadlock regarding bearing the financial cost of the project. "The previous State government of the Bharatiya Janata Party had agreed to give ₹800 crore as the State's share, which our government refused in the interest of the State, keeping in view the limited resources," he told mediapersons.

He said Himachal would suffer the greatest loss from the project, as it is the State's population that will be displaced, and asking it to shoulder an additional financial burden would the-

refore be unfair. The Chief Minister added that the State's contribution to the nation's progress deserved suitable compensation.

Delhi hails agreement

The Delhi Cabinet on Tuesday passed a resolution expressing gratitude to the Prime Minister, Home Minister and Union Jal Shakti Minister following the agreement. A statement issued by the Chief Minister's Office said it would enable Delhi to receive 109.9 million cubic metres of water per year, providing significant support in meeting the national capital's drinking water requirements.

4. Six States Sign ₹15,624-Crore Kishau Project Pact

Source: The Hindu

GS-2: Inter-State Water Issues, Cooperative Federalism

GS-3: Water Resources, Hydropower, Infrastructure

1. Context

- **Himachal Pradesh, Haryana, Uttarakhand, Uttar Pradesh, Delhi and Rajasthan** have signed an agreement to implement the **422 MW Kishau Multipurpose Project** on the **Tons River**, along the Himachal Pradesh–Uttarakhand border.
- The agreement resolves a long-standing dispute over the **financial burden of the project**, allowing implementation to move forward.

2. The Kishau Project

- **Location:** The project is proposed on the Tons, a tributary of the Yamuna, on the Himachal Pradesh–Uttarakhand border.
- **Cost:** Estimated at **₹15,624 crore**.
- **Dam:** A proposed **232.6-metre-high concrete gravity dam** will create a major water reservoir.
- **Storage:** The reservoir will have a capacity of about **1,562 million cubic metres**.
- **Hydropower:** It is expected to generate around **1,476 million units of electricity**.
- **Irrigation:** The project is expected to provide irrigation to approximately **97,000 hectares**.

3. The Long-Standing Dispute

- **1994 arrangement:** The participating States had earlier agreed on the framework for sharing the project's financial burden.
- **Himachal Pradesh's concern:** The State argued that it would bear significant costs, including **displacement and loss of land**, while having limited direct benefits.
- **Financial deadlock:** Himachal Pradesh resisted bearing its earlier financial share, delaying the project for years.
- **Eight-year impasse:** The disagreement over cost-sharing became the principal obstacle to implementation.

4. Resolution and Benefits

- **Central funding:** The Centre will now bear approximately **90% of the project's financial burden**.
- **State contribution:** The remaining **10% will be borne by the participating States** in accordance with the 1994 agreement.
- **Delhi's water supply:** Delhi is expected to receive around **109.9 million cubic metres of water annually**, supporting the capital's drinking-water requirements.

- **Regional benefits:** The project combines **water storage, irrigation and hydropower**, creating benefits across multiple States.
- **Cooperative federalism:** The agreement demonstrates how financial restructuring and Centre-State coordination can help resolve prolonged inter-State resource disputes.

A SHARP JUMP IN SHIPMENTS TO THE US DROVE THE OVERALL GOODS EXPORTS IN AUGUST

August goods exports soar 26%

Ravi Dutta Mishra
New Delhi, September 15

INDIA'S GOODS exports in August jumped 26%, driven by a sharp jump in shipments to the US which rose by over 20% amid lower tariffs on India goods compared to last year, when heightened tensions with Washington led to 50% tariffs by August 27, 2025, according to data released Tuesday by the Ministry of Commerce.

In August, exports to the US jumped over 21% to \$8.3 billion compared to \$6.8 billion. This was the sharpest export jump to Washington this calendar year.

Depreciation in the domestic currency by over 10% also helped India's goods exports jump 26% to \$43.81 billion in August this year compared to \$34.74 billion during August 2025. Lower gold imports also helped goods imports last month grow at a slower pace of 14.05% to \$70.67 billion compared to \$61.96 billion in August 2025. This is the first time during the ongoing financial year that gold imports declined sharply to \$2.30 billion in August this year compared to \$5.44 billion in August last year.

"Goods import growth is lower than export growth. This has helped the goods trade deficit decline from \$26.86 billion in August this year compared to \$27.20 billion in August 2025,"

• India's country-wise merchandise export



S.NO.	COUNTRIES	2024-25	2025-26	% CHANGE	AUGUST, 2025	AUGUST, 2026	% CHANGE
1	USA	86,514	87,313	0.9	6,829	8,320	21.8
2	UAE	36,638	37,359	2.0	3,217	2,378	-26.1
3	CHINA	14,252	19,471	36.6	1,207	1,840	52.3
4	SINGAPORE	12,976	11,864	-8.6	720	1,878	161.0
5	NETHERLANDS	22,763	17,501	-23.1	1,698	878	-48.3

(SOURCE: DEPARTMENT OF COMMERCE STATISTICS DIVISION, DGFT; VALUE IN US\$ MILLION)

Commerce Secretary Rajesh Agarwal told the press.

The sharp jump in exports this August comes on a lower base, as US tariffs last year had begun impacting India. The first set of 25% reciprocal tariffs came into effect on August 7, 2025. And by August 27, additional tariffs of another 25% over Russian oil imports also came into effect, raising the overall tariffs to 50%.

Compared to August last

year, India's exports are only facing 10% tariffs. Meanwhile, economists said that the sharp rupee depreciation is also helping exports, but the benefits may be more visible in high-margin products.

An HSBC report last month said that high-tech exports (around half of core exports) show relatively higher uplift after rupee depreciation. "Within this bucket, machinery, electronics, and trans-

port show the most positive response over the two- to three-quarter horizon," the report said. This is followed by low-tech exports, which respond modestly to the depreciating currency. Marine goods and food products show the most positive response in this category, and then have mid-tech exports (about one-third of the core exports), which show negligible response, and the results hold across categories like tex-

tiles, footwear, plastics, and stones, the report said. During the April to June quarter, high-end products such as engineering goods, electronics and pharmaceuticals grew 18.1%, 22.6% and 6.8%, respectively, and several labour-intensive sectors registered a sharp decline. Textile exports slipped 12.4%, while leather products declined 4.7%. Exports of low-margin products such as fruits and vegetables, ceramics and glassware, and jute products fell 10.3%, 25%, and 13.4%, respectively. Tea exports were under particular pressure, falling 17.5%. Of the 31 export sectors, 11 posted a year-on-year decline in April-June.

Non-petroleum and non-gems & jewellery exports in August 2026 also jumped by 22.72% to \$34.68 billion compared to \$28.26 billion in August 2025. Non-petroleum, non-gems & jewellery imports meanwhile in August 2026 were increased by 18.92% to \$49.22 billion compared to \$41.39 billion in August last year. SC Ralhan, president of the Federation of Indian Export Organisations, said the 26.12% growth in merchandise exports in August is encouraging and reflects the resilience, competitiveness and adaptability of Indian exporters.

FULL REPORT ON
[WWW.INDIANEXPRESS.COM](https://www.indianexpress.com)

5. August Goods Exports Soar 26%

Source: The Indian Express

GS-3: Indian Economy, External Sector, International Trade

1. Context

- India's **merchandise exports rose 26% year-on-year to \$43.81 billion in August 2026**, mainly due to a sharp increase in shipments to the United States.

2. What Drove the Increase?

- **United States:** Exports increased by **21.8% to \$8.32 billion**, providing the biggest push to overall export growth.
- **China:** Exports rose **52.3% to \$1.84 billion**, indicating stronger shipments despite wider trade tensions.
- **Singapore:** Exports increased sharply by **161%**, while exports to the **United Arab Emirates fell 26.1%** and those to the Netherlands declined 48.3%.
- **Rupee depreciation:** The domestic currency's depreciation of more than **10%** has improved the price competitiveness of Indian goods in international markets.
- **Lower gold imports:** A decline in gold imports helped moderate overall import growth and contributed to a reduction in the merchandise trade deficit.

3. Which Sectors Performed Better?

- **High-value exports:** Engineering goods, electronics and pharmaceuticals recorded strong growth, indicating improvement in higher-value export segments.
- **Electronics and machinery:** These showed a relatively stronger response to currency depreciation and external demand.
- **Labour-intensive sectors:** Textiles, leather and several other labour-intensive sectors continued to face weakness.
- **Low-margin products:** Fruits and vegetables, ceramics and glassware, jute and tea exports recorded declines, showing uneven export performance across sectors.
- **Non-petroleum exports:** Non-petroleum and non-gems-and-jewellery exports rose to **\$34.68 billion**, indicating broad-based strength beyond petroleum products.

4. Trade Balance and Broader Significance

- **Merchandise trade deficit:** It narrowed to around **\$26.86 billion**, compared with \$27.20 billion in August 2025, as export growth exceeded import growth.
- **Export competitiveness:** The rise shows that Indian exporters can respond to favourable exchange-rate movements and changing tariff conditions.
- **Quality of growth:** Sustained improvement in engineering, electronics and pharmaceuticals is more significant for India's export diversification than growth concentrated in low-value products.
- **Concern:** The sharp August increase partly reflects a **lower base** and therefore should not alone be treated as evidence of a permanent structural improvement.

5. Challenges and Way Forward

- **Diversify export markets:** Reduce excessive dependence on a few major markets, particularly the US.
- **Move towards higher-value products:** Strengthen electronics, engineering, pharmaceuticals and other technology-intensive sectors.

- **Support labour-intensive exports:** Address cost, logistics, compliance and competitiveness problems affecting textiles, leather and other employment-intensive industries.
- **Improve trade infrastructure:** Lower logistics and transaction costs to make Indian products more competitive.
- **Use trade agreements strategically:** Secure better market access while protecting domestic producers from unfair competition.

The rise of industrial tourism in China

These tours showcase industrial capability while presenting STEM as a sustainable career option

WORLD INSIGHT

Anand P. Krishnan

China's factory floors have turned out to be sought after destinations during summer vacation this year. There has been a visible rise in tours to hi-tech manufacturing facilities like electric vehicles, electronics, and high-speed trains, with shipyards and breweries also in the mix. According to a popular Chinese online travel booking platform, Tongcheng, bookings for factory tours rose more than 36 per cent year-on-year during this summer season, with families accounting for 68 per cent of bookings.

A growing phenomenon
These tours are part of the growing phenomenon of industrial tourism - a

policy initiative actively promoted by the ruling Communist Party-state. The state seeks to make them an instrument for showcasing industrial capability, strengthening industrial brands, and educating young people about technology. According to Beijing city's municipal bureau, in 2024, the city had 15 million industrial tourists and generated 1.7 billion yuan (\$248 million) in revenue.

The origins of China's industrial tourism dates back to the 1990s when industrial enterprises like breweries, dairy farms and petrochemicals sought to use tourism for building better consumer relationships. The central government built on the local experiments to standardise locations, and in 2004, officially designated 306 sites across China under the national industrial and agricultural tourism rubric. In addition, the Communist Party of China has also emphasised on preserving industrial

heritage sites, especially in the revolutionary base areas during their conflict with Japanese forces as well as the Kuomintang in the civil war before the establishment of the People's Republic in 1949. This convergence of revolutionary and industrial heritage provides the foundation for the promotion of industrial tourism in advanced technology sectors over the last decade.

In May this year, a joint document issued by seven departments including the Ministry of Tourism, Ministry of Industry and Information Technology and Ministry of Education, explicitly called for expanding the supply of industrial tourism products, promoting more factory tours, activating industrial museums, and turning more manufacturing facilities into tourist destinations. This cross-departmental policy makes promotion of industrial tourism systematic and widens the scope

into areas such as aerospace, robotics, e-commerce, and logistics, where China has been expanding its capabilities. The policy integrates industrial heritage, cultural tourism, education and consumption. Local governments too have joined in, crafting policies suited to their jurisdictions. For instance, the city of Beijing has made plans to integrate its tech hubs into tourism routes to open up robotics factories and autonomous vehicle labs for public viewing.

While the main intention of these tours is to showcase innovation and manufacturing prowess to instil national pride, attention has also been given to the future. The tours are platforms to spark interest in STEM as a sustainable career option among the youth. The growing participation of urban middle-class families in these tours attests to this point. Universities across China have been expanding the number of programmes and enrolments in Artificial Intelligence, robotics, semiconductors and other engineering fields, which has also been underlined in the 15th Five-Year Plan.

By combining tours with research and consumption, companies are able to promote their brands while creating new revenue streams. For example, the tours of Xiaomi's facilities are in high demand, with slots highly priced and allotted through lottery. The factory tours help companies connect better with

consumers. From testing new products to visiting a showroom, the immersive experience builds stronger emotional connection with the brands. Apart from the domestic footfalls, foreign investors, executives and technology professionals are participating in such tours, to observe China's industrial transformation.

A lesson for India

India may not be at the same scale as China in terms of industrial manufacturing and advanced facilities. However, there is space to experiment and diversify the country's tourism experience to include firms in both public and private sectors. While industrial visits and internships for students are part of technical, engineering curricula, it would be worthwhile to make large-scale factories and production facilities open to public visits.

While the Indian government prioritises the 'Make in India' initiative to boost the country's manufacturing ambitions, it could select some industrial hubs for tourism and promote them under 'Learn in India'. Building industrial tourism circuits in States with higher number of manufacturing zones - like Tamil Nadu, Maharashtra and Gujarat - is another idea worth experimenting. (Anand P. Krishnan is a Fellow at Centre of Excellence for Himalayan Studies, Shiv Nadar Institution of Eminence, Delhi NCR)

6. The Rise of Industrial Tourism in China

Source: The Indian Express

GS-3: Industry, Manufacturing, Tourism, Skill Development

1. Context

- **Industrial tourism** is gaining popularity in China, with factory visits becoming a way to showcase manufacturing capabilities, strengthen brands and create public interest in technology and STEM careers.

2. Industrial Tourism in China

- **Growing demand:** Bookings for factory tours reportedly increased by more than **36% year-on-year** during the summer season, with families accounting for a major share.
- **Wide range of facilities:** Tours cover **electric-vehicle, electronics, high-speed rail, shipbuilding, breweries, dairy and other advanced manufacturing facilities**.
- **Economic activity:** Beijing recorded around **15 million industrial tourists in 2024**, generating about **1.7 billion yuan** in revenue.

- **Policy support:** What began as local experiments has developed into a broader government-supported programme integrating **industry, tourism, education and cultural heritage**.
- **Recent institutional push:** In May 2026, seven government departments issued a joint document calling for more industrial tourism products, factory tours, industrial museums and greater public access to manufacturing facilities.

3. Why China Is Promoting It

- **Showcase manufacturing:** Factory visits allow companies to demonstrate technological capabilities and China's industrial transformation directly to consumers.
- **Brand building:** Direct exposure to production processes can strengthen consumer confidence and create stronger connections with domestic brands.
- **STEM interest:** Visits to advanced facilities can encourage young people to consider **science, technology, engineering and mathematics (STEM)** as career options.
- **Education and industry link:** Universities are expanding programmes in **Artificial Intelligence, robotics, semiconductors and engineering**, creating a stronger connection between education and industrial development.
- **New revenue source:** Companies can earn additional revenue through tourism while promoting their products and technologies.

4. Relevance for India

- **Make in India:** Industrial tourism can complement India's manufacturing push by allowing people to see modern production facilities and indigenous technologies.
- **Public-private participation:** Both government-owned and private industrial facilities can be incorporated into tourism circuits.
- **Learn in India:** Large manufacturing hubs in States such as **Tamil Nadu, Maharashtra and Gujarat** could be developed as industrial-tourism destinations.
- **Education and skills:** Factory visits can connect students with real industrial environments and encourage careers in engineering, manufacturing and technology.
- **Brand India:** Showcasing advanced Indian manufacturing can improve the visibility of domestic industries among consumers, investors and international visitors.