WEDNESDAY, AUGUST 19, 2026
VOL. 286
Daily News Analysis ePaper

THE PALA CIVIL TIMES

Civil Service Institute | Pala | Thiruvananthapuram | South India' Premier Civil Service Coaching Institute | www.civilservicepala.org

P2. NATIONAL

Bihar's alcohol ban has been a success for social wellness, data show. - Examining whether Bihar's prohibition has reduced violence and improved public health, while weighing its social gains against alternative alcohol-control policies.

P3 NATIONAL

Maharashtra's sugarcane dilemma - Exploring migrant labour, exploitation and employment insecurity in Maharashtra's sugarcane industry amid a growing transition towards mechanisation.

P4. WORLD

Meta faces 29-state trial that could reshape Instagram and Facebook - U.S. lawsuit against Meta examines whether addictive platform design, misleading safety claims and improper use of children's data violated youth-protection laws.

Editor's Note

In this edition of Pala Civil Times, we focus on key developments ranging from the latest amendments to the Mines and Minerals Act, the changing U.S. position in West Asia, and the challenges confronting India's corporate investment to the conditions of sugarcane labour in Maharashtra.

A common thread connecting these diverse issues is the importance of learning from existing challenges to design effective and realistic policies for the future. The National page, for instance, examines the effects of the alcohol ban in Bihar, the labour and livelihood challenges of Maharashtra's sugarcane industry, and Odisha's response to the recent floods. Each issue demonstrates how the success of public policy ultimately depends on how effectively it responds to the ground realities and evolving needs of society.

The Decoded Editorials further explore how the Mines and Minerals (Development and Regulation) Amendment Bill, 2026 could reshape India's mineral sector and Centre–State fiscal relations, while the changing regional dynamics raise important questions about the future of U.S. security engagement in West Asia. So, approach each topic with a focused mind and an analytical perspective.

Happy Learning!

P7. ECONOMICS

Declining Corporate Investment in India: Understanding the Problem - Understanding why corporate investment remains weak despite tax cuts and lower interest rates, with demand, profitability, firm size and investor confidence emerging as key factors.

Editorials Decoded

THE HINDU

Beyond America

Assessing how Iranian attacks and the vulnerability of U.S. military bases are challenging America's traditional security architecture and regional influence.

The Indian EXPRESS

On minerals and mines, strike a new federal balance

Examining the tension between creating a predictable, investment-friendly mining regime and protecting States' revenue powers and fiscal federalism.

Bihar's alcohol ban has been a success for social wellness, data show

The effectiveness of Bihar's alcohol ban remains contested. Some assessments argue that the ban has failed because overall reported crimes against women have not declined. However, total reported crime cannot establish policy failure. Improved reporting, greater awareness, reduced stigma, legal aid and stronger enforcement can increase reported cases without implying a corresponding rise in actual violence.

Evidence of Positive Impact : Quasi-experimental studies provide stronger evidence of causal impact. Research indicates that intimate partner/spousal violence against women declined substantially in Bihar relative to other States after the ban. A 2024 Lancet Regional Health study estimated that the ban prevented over 21 lakh cases of violence and 18 lakh cases of overweight/obesity among men. Some evidence also shows reductions in specific crimes against women, though evidence on broader crime outcomes remains limited.

Revenue Loss vs Social Costs : The revenue argument requires a wider cost-benefit assessment. Alcohol use in India is associated with an estimated annual economic loss of 1.45% of GDP, even after accounting for tax revenues. Thus, revenue forgone through prohibition must be weighed against health, safety and productivity gains.

Policy Beyond the Binary : Policy should move beyond "ban versus no ban." If prohibition is reconsidered, alternatives such as rationing, restricted availability, economic controls, public education, and stronger health and addiction services can help preserve the ban's social and health gains while addressing enforcement and fiscal concerns.

Odisha announces ₹1,000-cr. package for flood-hit areas

Odisha has witnessed a severe second spell of flooding across six districts, affecting nearly 9.40 lakh people. Over 3.70 lakh people have been evacuated and 550 relief camps opened. The State received around 1,100 mm rainfall since June (34% above normal and the highest in 25 years).

₹1,000-Crore Relief Package : The State Government announced a ₹1,000-crore preliminary relief package, with additional funds to follow after detailed damage assessment. Support covers farmers, livestock owners, fishers, artisans and weavers, alongside repair of damaged lift-irrigation infrastructure.

Agricultural & Livelihood Support : Small and marginal farmers suffering 33% or more crop damage will receive input subsidies up to two hectares: ₹8,500/ha for non-irrigated, ₹17,000/ha for irrigated and ₹22,500/ha for perennial crops. Seed assistance, free vegetable mini-kits and 75% subsidy for pest and disease management are also provided. Kharif loans may be converted into medium-term loans.

Rescue, Relief & Rehabilitation : The response includes 45 Odisha Disaster Rapid Action Force teams, 8 NDRF teams and 65 Fire Services teams. Free kitchens will continue in relief camps. Compensation will cover livestock, boats and fishing nets, while ₹5,000 each will support artisans and weavers in replacing damaged tools and recovering livelihood losses.

Disaster Management Challenge : The floods highlight the vulnerability created by extreme rainfall variability. The unusually heavy rainfall occurred despite expectations of scant rainfall linked to El Niño conditions, underscoring the need for accurate forecasting, resilient infrastructure, rapid evacuation and climate-responsive disaster preparedness.

PYQ Compass

Q. Consider the following rivers: (2015)
1. Vamsadhara 2. Indravati 3. Pranahita 4. Pennar
Which of the above are tributaries of Godavari?
a) 1, 2 and 3 b) 2, 3 and 4 c) 1, 2 and 4 d) 2 and 3 only

SC dismisses petition seeking alternative to execution by hanging

What happened? On August 18, 2026, the Supreme Court rejected a plea seeking a direction to the government to find an alternative to execution by hanging. The court held that the petitioner had failed to establish even a single instance of a botched execution by hanging in India. The Court noted that alternatives such as **lethal injection, used in the United States,** also have a history of botched executions.

What is the legal basis for hanging as the method of execution in India? The petition challenged the constitutional validity of **Section 354(5) of the Code of Criminal Procedure (CrPC)**, which prescribed hanging as the method of execution. Its corresponding provision under the Bharatiya Nagarik Suraksha Sanhita (BNSS), 2023 is Section 393(5). The provision makes hanging the prescribed method for carrying out a death sentence.

On what basis did the Supreme Court uphold the existing method of hanging? The Court relied on studies comparing different execution methods and observed that none demonstrated a distinct or demonstrable advantage over hanging. The judgment noted that other methods like Electrocution, Lethal gas, Shooting, and Lethal injection do not have an established advantage over hanging in terms of avoiding problems associated with execution. The Court also relied on the view that the preliminaries to hanging are relatively quick and simple, while the likelihood of an accident during the execution can be safely excluded.

PYQ Compass

Q. According to India's National Policy on Biofuels, which of the following can be used as raw materials for the production of biofuels? (2020)
1. Cassava
2. Damaged wheat grains
3. Groundnut seeds
4. Horse gram
5. Rotten potatoes
6. Sugar beet

Select the correct answer using the code given below:
a) 1,2,5 and 6 only b) 1,3,4 and 6 only c) 2,3,4 and 5 only d) 1,2,3,4,5 and 6

Maharashtra's sugarcane dilemma: cutters seek a way out as mills turn to machines

India's major sugarcane-growing belt extends across Uttar Pradesh, Maharashtra and Karnataka, with significant cultivation also in Gujarat, Tamil Nadu and other States. Maharashtra is a major sugar-producing State, accounting for about one-third of India's sugar production. Nearly 40 lakh farmers cultivate sugarcane over 14.87 lakh hectares, supporting an industry with annual turnover of around ₹1 lakh crore.

Migrant Labour & Seasonal Migration : Sugarcane harvesting depends heavily on migrant labour, particularly from drought-prone districts of Maharashtra such as Beed, Dharashiv and Solapur. Workers migrate mainly from October to March to western Maharashtra and to Karnataka, Gujarat and Tamil Nadu. Government estimates earlier placed the number of migrant cutters at nearly 10 lakh, around half being women, though industry estimates suggest the current workforce may be below five lakh.

Labour Exploitation: A Major Challenge : Workers, often recruited through contractors (mukadams), face long working hours, wage deductions, fines, inadequate amenities and weak access to social protection. Women face additional vulnerabilities, including denial of independent wage payments, lack of sanitation and risks of physical and sexual exploitation. The 2025 Bombay High Court intervention directing comprehensive welfare measures reflects the need for stronger institutional protection.

Employment Deficit & Mechanisation : Migration persists because drought-prone regions lack industries, stable employment and livelihood opportunities, forcing even educated workers towards seasonal labour. Simultaneously, labour shortages and rising costs are accelerating mechanisation: of 3,218 sugarcane harvesters operational in India in 2025, about 2,200 (68%) were in Maharashtra. Mechanisation may reduce exploitation but could also displace workers without alternative employment.

Way Forward: The transition should combine effective implementation of labour and welfare safeguards, contractor accountability, wage protection, sanitation and social security with mechanisation.

Meta trial that could reshape Facebook, Instagram gets underway

What happened? A coalition of 29 U.S. states has taken legal action against Meta Platforms, alleging that Facebook and Instagram were designed in ways that harmed young users' mental health. The trial began in Oakland, California, in federal court. Colorado, California, New Jersey and Kentucky are leading the group of 29 states.

What are the main allegations against Meta? The litigation involves two major sets of allegations:

1. Addictive design and youth safety : The states allege that Meta:

- Designed Facebook and Instagram to be addictive for children and teenagers.
- Misled consumers about the safety of its platforms for young users.
- Failed to adequately address the harmful effects of its platforms on young users.

2. **Collection and use of children's personal data** : The states are pursuing claims that Meta improperly collected and used children's personal data and did so while children were using Meta's platforms. In this regard, it violated federal law governing children's data and online protection.

What broader policy issue does the case highlight? The litigation reflects a growing regulatory debate over whether social-media companies should be held responsible when platform design, data practices or business models potentially expose children to harm.

UAE accuses Iran of firing two ballistic missiles at territory

What happened? On August 18, 2026, the United Arab Emirates (UAE) accused Iran of launching two ballistic missiles towards its territory. According to the UAE Defence Ministry:

- UAE air defences detected two ballistic missiles launched from Iran.
- The first missile fell outside UAE territorial waters.
- The second missile fell within UAE territorial waters.
- The incident was described as the first missile barrage detected against the UAE in several months.

Did Iran acknowledge launching the missiles? Iranian Foreign Ministry spokesman Esmaeil Baqaei categorically rejected the UAE's claim that Iran had launched a missile towards the country.

What is the broader context behind the incident? The incident occurred against the backdrop of the ongoing West Asia war, which began on February 28, 2026.

- The UAE bore the brunt of Iran's attacks during the initial phase of the conflict.
- Nearly 3,000 missiles and drones were directed at the UAE.
- This was reportedly more than the number directed at any other country in the region.

The UAE had subsequently reported a period without attacks following a memorandum of understanding (MoU) between the two parties in June, although that arrangement later collapsed.

What has been happening to UAE-linked energy infrastructure? Tankers belonging to the state-owned Abu Dhabi National Oil Company (ADNOC) have reportedly been repeatedly targeted in the weeks preceding the August 18 incident. This adds an important energy-security dimension to the wider conflict because the UAE is a major regional oil producer and Gulf shipping is strategically important for global energy supplies.

PYQ Compass

Q. What are social networking sites and what security implications do these sites present ? (GS III – 2013)

Beyond America (The Hindu : 19-08-2026)

The prolonged U.S.–Iran conflict has strained Washington's regional strategy. Iran's closure of the Strait of Hormuz, through which nearly one-fifth of global seaborne oil passed before the war, has disrupted regional security and energy flows. Despite U.S. claims that the Strait is open, traffic remains far below pre-war levels. Iran has demanded release of frozen funds and sanctions relief as conditions for an agreement.

U.S. Military Presence Under Pressure

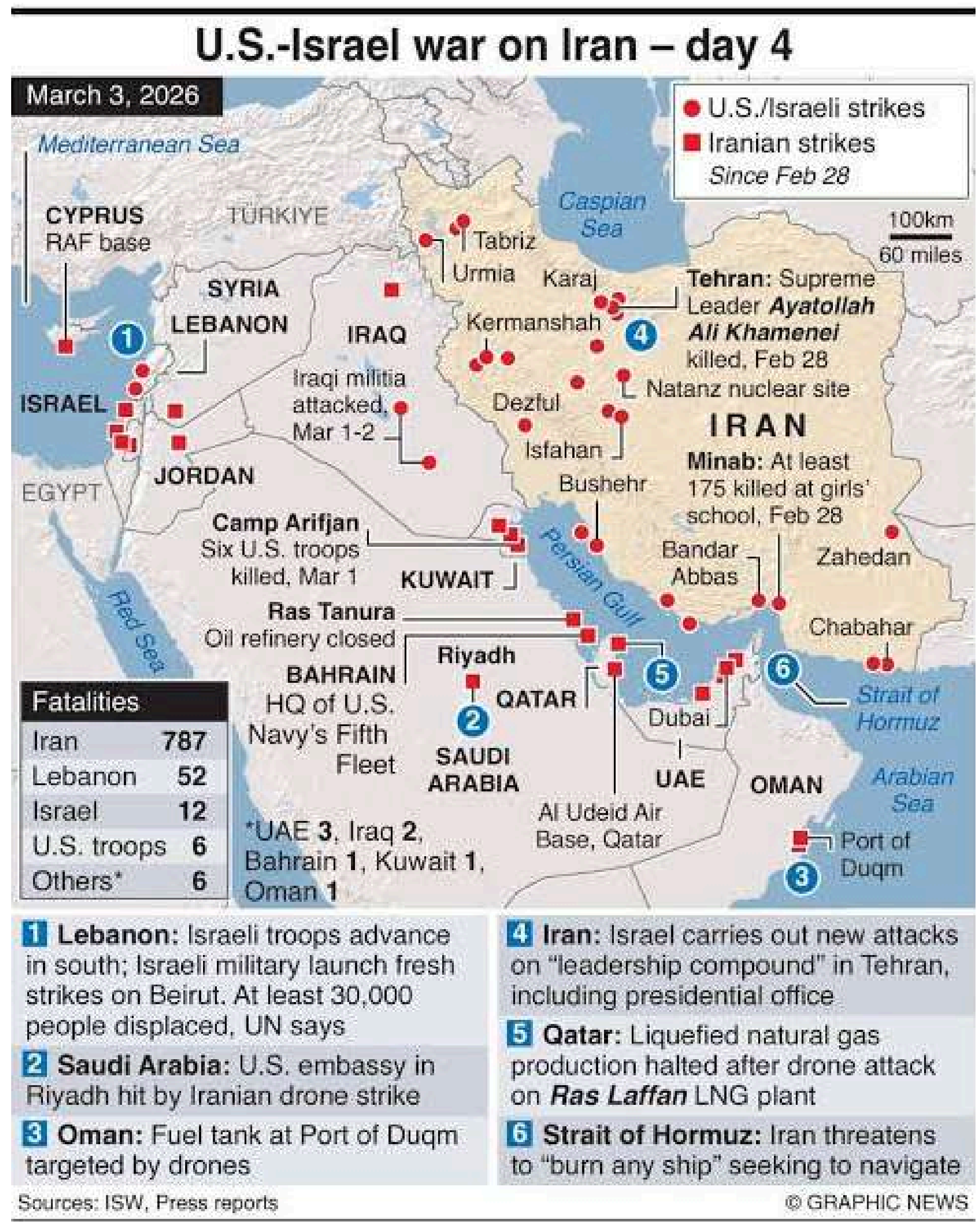
The conflict has exposed the vulnerability of America's extensive military infrastructure in West Asia. Iranian strikes have reportedly damaged or destroyed at least 15 U.S. bases, including facilities connected to the Fifth Fleet in Bahrain. Key installations under pressure include Al Udeid (Qatar), Al Dhafra (UAE), Ali Al-Salem (Kuwait), NSA Bahrain, Muwaffaq Al-Salti (Jordan), Ain Al-Asad and Erbil (Iraq). These bases, once instruments of deterrence, increasingly risk becoming strategic liabilities.

Declining Regional Influence

The U.S.'s difficulty in preventing attacks on its regional military assets and securing a settlement with Iran has raised questions about the credibility of its security umbrella in West Asia. Trump's threats against Oman, a longstanding U.S. partner and historical mediator between Washington and Tehran, came amid Omani-Iranian negotiations over the Strait of Hormuz after direct U.S.-Iran talks stalled. Rather than reassuring regional partners, such coercive rhetoric risks weakening confidence in U.S. commitments and accelerating calls for greater regional strategic autonomy.

Failure of the Containment Approach

Decades of attempting to contain Iran have failed to prevent Tehran from retaining its regional influence and developing the capacity to challenge U.S. military assets. The conflict demonstrates that military superiority alone cannot guarantee regional stability, particularly when forward-deployed bases become vulnerable to asymmetric retaliation.



Towards a New Regional Order

The crisis is pushing Persian Gulf States to reconsider dependence on the American security architecture. A more sustainable order may require greater regional strategic autonomy, dialogue and confidence-building between Arab States and Iran, potentially producing a form of "cold peace". The failure of decades-long efforts to contain Iran also highlights the limits of relying solely on military deterrence for regional stability. Greater cooperation among Gulf States could reduce dependence on external security guarantees and help build a more balanced regional security framework. For Washington, restoring credibility would require reassessing its military footprint, alliance strategy and reliance on coercive deterrence.

PYQ COMPASS

Q. Outline the features of latest Saudi Peace Plan for West Asia Crisis and assess its importance. (GS II – 2002)

Q. Examine the opportunities for a lasting West Asia peace solution in the context of the 'historic' talks started in September 2010 (GS II – 2010)

Q. The question of India's Energy Security constitutes the most important part of India's economic progress. Analyse India's energy policy cooperation with West Asian Countries. (GS II – 2017)

On minerals and mines, strike a new federal balance (I.E : 19-08-2026)

The Mines and Minerals (Development and Regulation) Amendment Bill, 2026 follows a Supreme Court ruling that upheld States' power to impose taxes on mineral rights and mineral-bearing lands and permitted recovery of arrears from April 1, 2005. Several mineral-rich States subsequently sought to expand revenues through additional levies.

Key Changes & Centre's Rationale

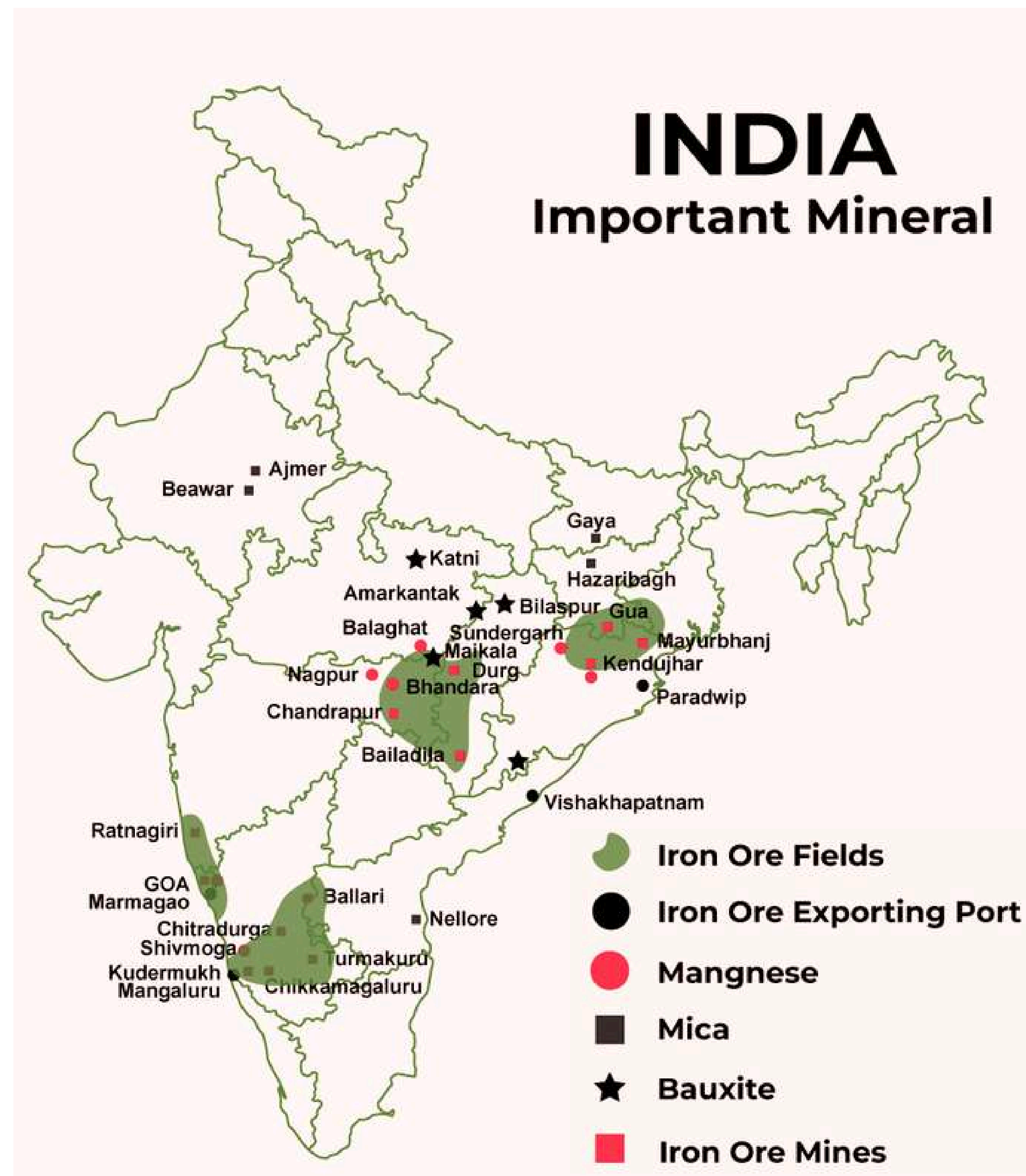
The amendments restrict States' powers to impose levies on mineral rights and mineral-bearing lands. The Centre argues that a more predictable and uniform taxation framework will reduce regulatory uncertainty, attract investment and prevent higher mineral costs from increasing infrastructure expenses. This rationale is significant given that India's effective mining tax rate exceeds 50% of revenues, compared with around 35–40% in other countries,according to FIMI(Federation of Indian Mineral Industries)-EY.

Centre–State Fiscal Tensions

States have expressed concern over erosion of their fiscal autonomy, particularly mineral-rich States such as Odisha, Jharkhand and Chhattisgarh, where mining revenue forms a significant share of non-tax revenue. States currently impose around 14 types of taxes, charges, fees and levies, with considerable variation in rates. The amendments could therefore intensify existing concerns over fiscal federalism.

Investment vs Revenue: The Core Debate

The reform seeks to balance two competing objectives: reducing the overall cost and uncertainty of mining to encourage investment, while preserving States' legitimate revenue-raising powers. Greater uniformity may improve the investment climate, but excessive centralisation could weaken the fiscal capacity of resource-rich States.



Way Forward

A predictable mining regime is important for critical minerals, infrastructure and industrial growth, particularly alongside the Union Government's Critical Mineral Mission. However, implementation should involve Centre–State consultation, transparent revenue-sharing and protection of States' fiscal interests, ensuring that mining-sector efficiency does not come at the cost of cooperative federalism.

PYQ Compass

Q. Consider the following statements:
I. India has joined the Minerals Security Partnership as a member.
II. India is a resource-rich country in all the 30 critical minerals that it has identified.
III. The Parliament in 2023 has amended the Mines and Minerals (Development and Regulation) Act, 1957 empowering the Central Government to exclusively auction mining lease and composite license for certain critical minerals.
Which of the statements given above are correct?
(a) I and II only
(b) II and III only
(c) I and III only
(d) I, II and III

Declining Corporate Investment in India: Understanding the Problem

Corporate investment as a share of GDP rose sharply from 6.5% in 2003 to 10.3% in 2004 and expanded during India's high-growth period. It declined after the Global Financial Crisis (GFC), partially recovered, but entered a prolonged decline after demonetisation in 2016. Unlike the GFC, which was an external shock, this decline followed a domestic policy shock and had begun before COVID-19.

What Determines Investment?

A firm invests when it expects sufficient returns over the life of a project. Three factors matter:

Expected profitability: Higher expected profits encourage investment.

Confidence ("animal spirits"): Firms must believe future profits and policies are predictable.

Cost and availability of credit: Investment becomes difficult when borrowing is expensive or financing is constrained.

Why Firm Size Matters

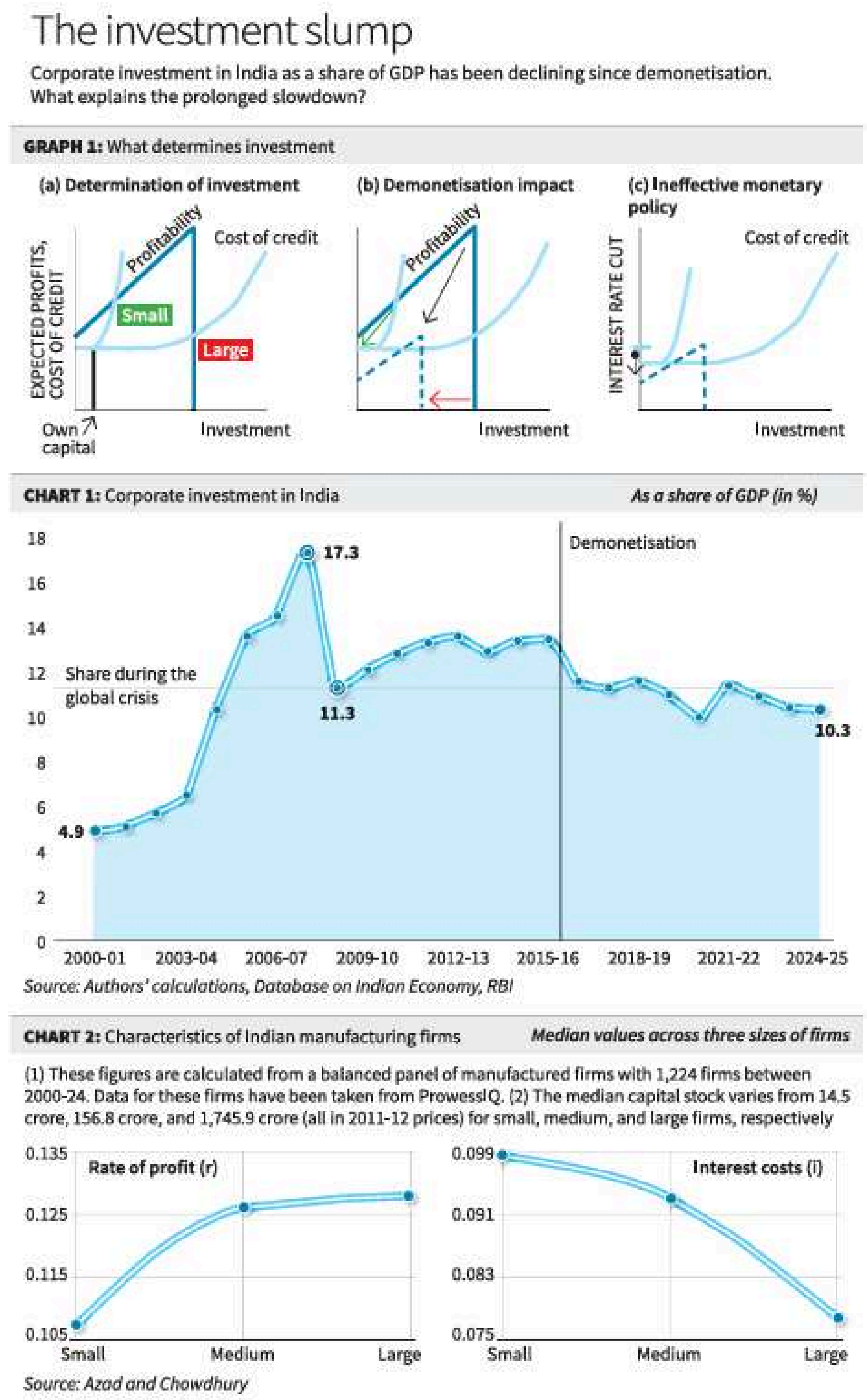
The constraints differ across firms. Small firms, having limited own capital, depend heavily on credit and therefore face higher financing costs. Large firms possess greater internal funds and are more likely to be constrained by market demand rather than credit. Indian manufacturing data for 2000–2024 broadly confirms this: **smaller firms show lower profitability and higher interest costs, while larger firms show higher profitability and lower interest costs.**

Why Lower Interest Rates and Tax Cuts May Not Work

Lower interest rates may fail to revive small firms if their credit constraints remain, while large firms may not need cheaper credit. Similarly, the 2018 corporate tax cut from 30% to 22% did not substantially revive investment. The problem therefore appears to be weak expected profitability and demand, rather than merely high financing costs.

Why Lower Interest Rates and Tax Cuts May Not Work

In this regard, an ideal policy should shift the profitability curve outward by creating stronger demand. Greater government expenditure can act as an autonomous stimulus, encouraging firms of all sizes to invest.



PYQ Compass

Q. Consider the following statements: (2023)

Statement-I: In the post-pandemic recent past, many Central Banks worldwide had carried out interest rate hikes.

Statement-II: Central Banks generally assume that they have the ability to counteract the rising consumer prices via monetary policy means.

Which one of the following is correct in respect of the above statements?

(a) Both Statement-I and Statement-II are correct and Statement-II is the correct explanation for Statement 1

(b) Both Statement-I and Statement-II are correct and Statement-II is not the correct explanation for Statement-1

(c) Statement-I is correct but Statement-II is incorrect

(d) Statement-I is incorrect but Statement-II is correct

PYQ Compass

Q. Consider the following rivers: (2015)
1. Vamsadhara
2. Indravati
3. Pranahita
4. Pennar
Which of the above are tributaries of Godavari?
a) 1, 2 and 3
b) 2, 3 and 4
c) 1, 2 and 4
d) 2 and 3 only

Ans: d) 2 and 3 only
The Indravati and Pranahita are tributaries of the Godavari, whereas the Vamsadhara and Pennar are independent east-flowing rivers draining into the Bay of Bengal. The **Vamsadhara** originates in Odisha and enters the Bay of Bengal near Kalingapatnam in Andhra Pradesh.
Recent flooding in Odisha has brought rivers such as the Baitarani, Brahmani, Subarnarekha and Mahanadi into focus. These belong to distinct river systems and should not be confused with the Godavari tributaries tested here. The Baitarani and Brahmani contributed to flooding in Jajpur, Bhadrak and Kendrapara, while heavy rainfall in the upper catchment of the Subarnarekha in Jharkhand threatened Balasore. The Mahanadi system was also closely monitored near Mundali and Hirakud. Thus, the current flood episode offers a useful reminder of the distinct drainage systems of eastern India.

Q. According to India's National Policy on Biofuels, which of the following can be used as raw materials for the production of biofuels? (2020)
1. Cassava
2. Damaged wheat grains
3. Groundnut seeds
4. Horse gram
5. Rotten potatoes
6. Sugar beet
Select the correct answer using the code given below:
a) 1,2,5 and 6 only
b) 1,3,4 and 6 only
c) 2,3,4 and 5 only
d) 1,2,3,4,5 and 6

Ans : a
Groundnut seeds and Horse gram are not generally specified in the policy as raw materials for biofuels.

PYQ Compass

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II. India is a resource-rich country in all the 30 critical minerals that it has identified.
III. The Parliament in 2023 has amended the Mines and Minerals (Development and Regulation) Act, 1957 empowering the Central Government to exclusively auction mining lease and composite license for certain critical minerals.
Which of the statements given above are correct?
(a) I and II only
(b) II and III only
(c) I and III only
(d) I, II and III

Ans : C
India has become 14th member of the Mineral Security Partnership (MSP) in June 2023. The other member countries are United States, Australia, Canada, Finland, France, Germany, Italy, Japan, Norway, the Republic of Korea, Sweden, the United Kingdom and the European Commission. MSP seeks to bolster critical minerals supply chains to support economic prosperity and climate objectives. Hence, statement 1 is correct. India's Ministry of Mines identified a list of 30 critical minerals in November 2022. However, India has not yet proven domestic reserves for all 30 and remains dependent on imports for many such as lithium, cobalt, nickel, and vanadium. Hence, statement 2 is not correct. The MMDR Amendment Act, 2023 has empowered the Central Government to exclusively auction Mining Leases (ML) and Composite Licences (CL)(prospecting licence-cum-mining lease) in respect of any 'critical and strategic mineral' specified in Part D of the First Schedule of the MMDR Act. Hence, statement 3 is correct.

Q. Consider the following statements: (2023)
Statement-I: In the post-pandemic recent past, many Central Banks worldwide had carried out interest rate hikes.
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(c) Statement-I is correct but Statement-II is incorrect
(d) Statement-I is incorrect but Statement-II is correct

Ans : a
Statement-I describes a factual action taken by Central Banks in the post-pandemic period, specifically interest rate hikes. Statement-II explains the rationale behind such actions, as Central Banks believe monetary policy interventions can influence inflation levels effectively.

PRACTICE QUESTIONS

Q. With reference to the sugarcane industry in India, which of the following industries/sectors are directly associated with sugarcane processing and its allied activities?

Sugar production
Distilleries and ethanol production
Co-generation of electricity
Green hydrogen
Agro-based industries

Select the correct answer using the code given below:

a) 1, 2 and 3 only
b) 1, 2, 3 and 5 only
c) 2, 3, 4 and 5 only
d) 1, 2, 3, 4 and 5

Ans: d) 1, 2, 3, 4 and 5

Maharashtra's sugarcane industry has extensive linkages beyond sugar production. The sugar sector supports distilleries and ethanol production, co-generation of electricity, green hydrogen and various agro-based industries. These linkages make sugarcane an important component of India's broader agro-industrial and energy economy.

Q. With reference to corporate investment decisions, which of the following factors influence the willingness and ability of firms to undertake investment?

1. Expected profitability of the investment
2. Confidence regarding future economic and policy conditions
3. Cost and availability of credit
4. Expected demand for the goods produced

Select the correct answer using the code given below:

a) 1, 2 and 3 only
b) 1, 2 and 4 only
c) 2, 3 and 4 only
d) 1, 2, 3 and 4

Ans: d) 1, 2, 3 and 4

Corporate investment depends on expected profitability, confidence in future economic conditions ("animal spirits"), and the cost and availability of finance. Expected demand is particularly important because firms will hesitate to expand productive capacity if they do not expect sufficient market demand for their output. The relative importance of these constraints can also vary with firm size: smaller firms are generally more credit-constrained, while larger firms may be more constrained by market demand.