FRIDAY, SEPTEMBER 04, 2026

VOL. 293

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

For newborns, the answer is hospital plus home- Highlights the shift from merely promoting institutional deliveries to ensuring safe, quality and decentralised newborn care.

P3 NATIONAL

ED launches multi-State crackdown on narcotics networks across South - Examines how financial investigations can disrupt the proceeds, networks and economic infrastructure of drug trafficking.

P6. WORLD

India and Belgium ramp up bilateral defence cooperation - Examines the expanding India–Belgium cooperation in defence technology, co-production, maritime security, counter-terrorism and trade.

Editor's Note

With the latest edition of the Pala Civil Times, we bring together a range of important national, international, economic and geopolitical developments.

To begin with, the National page examines the growing concern over neonatal mortality in India. It also looks at the recurring drug busts across States, with a focus on understanding the nexus between narcotics trafficking, money laundering and organised crime.

The International page turns to the evolving India–Belgium strategic partnership, examining the expanding cooperation in defence technology, co-production, maritime security, counter-terrorism and wider strategic affairs.

The Economics page focuses on the importance of accurately measuring Gross Value Added (GVA) in the manufacturing sector, highlighting how reliable economic data and sound measurement are essential for effective policymaking.

The Decoding Editorials section explores the role of the Shanghai Cooperation Organisation (SCO) in managing regional and global challenges amid growing geopolitical conflicts. It also examines the rising FCNR(B) deposits, understanding how increased foreign-currency inflows can strengthen India's external position while simultaneously creating challenges of domestic liquidity and macroeconomic management.

We encourage you to give each section a thorough read and use the insights gained to strengthen your preparation.

Happy Reading!

P7. ECONOMICS

The gap in manufacturing sector GVA : Explores differences between official manufacturing GVA estimates and survey-based estimates and their implications for GDP reliability.

Editorials Decoded

THE HINDU

Forging consensus

Recurring swings in onion prices expose the difficulty of balancing farmer incomes and consumer affordability when environmental shocks and unpredictable policy interventions disrupt agricultural markets.

The Indian EXPRESS

Needed: More stable foreign capital

Examines how FCNR(B) deposits mobilise foreign currency while creating challenges of liquidity and external-sector management.

For newborns, the answer is hospital plus home

India's success in shifting childbirth has exposed a new challenge: overburdened and inadequately equipped newborn-care systems. The recurring deaths of newborns in government hospitals, including recent fire-related incidents, highlight the need to move beyond institutional delivery as an end in itself towards a continuum of appropriate and decentralised newborn care.

The Changing Newborn-Care Burden: Success Creating New Pressure

Transition: Institutional deliveries increased from 39% in 2005–06 to about 90% in 2023–24, reflecting major progress in maternal-health access and programmes such as Janani Suraksha Yojana.

Volume: The number of women delivering in institutions rose from about 109 lakh in 2005 to 194 lakh in 2024–25, substantially increasing the workload of public hospitals.

Overcrowding: Newborn admissions to public Special Newborn Care Units (SNCUs) increased from 11.3 lakh in 2021–22 to 14.45 lakh in 2023–24, indicating growing pressure on specialised facilities.

Case-mix: Government hospitals increasingly manage high-risk referrals involving prematurity, low birth weight and serious neonatal illness, meaning that rising institutional demand is also accompanied by greater clinical complexity.

Why Newborn Units Are Vulnerable: Capacity, Safety and Infection

Infrastructure: Neonatal units depend on continuous oxygen, electricity and specialised equipment such as incubators, warmers and ventilators, making infrastructure failures potentially life-threatening.

Safety lapses: The recurring fires at government hospitals, including incidents at Bhandara, Bhopal, Jhansi and Amravati, demonstrate how electrical and fire-safety deficiencies can become particularly deadly in units where patients cannot independently evacuate.

Staffing shortages: Overcrowding combined with inadequate nurse-to-baby ratios and shortages of trained personnel can reduce the quality and timeliness of neonatal care.

Infection risk: High patient density, equipment shortages and weak infection-prevention practices can facilitate hospital-acquired infections, making overcrowded neonatal units vulnerable to clusters of illness and death.

Decentralising Newborn Care: learning from the Gadchiroli Model

Evidence: The Gadchiroli model showed that trained community health workers can deliver home-based neonatal care, contributing to a 62.2% reduction in neonatal mortality, and its principles have informed India's ASHA-based home newborn-care system.

Triage: Community care should manage appropriate cases such as breastfeeding difficulties and mild infections, while severe prematurity, respiratory distress, sepsis or birth asphyxia require immediate specialised facility-based care.

Capacity: SNCUs must have adequate staffing, equipment, oxygen, electricity and infection-control systems, alongside fire, electrical and oxygen safety measures to prevent avoidable hospital risks.

Balance: The objective is not to replace hospitals with home care but to ensure the right care at the right level, allowing scarce specialised beds to be reserved for critically ill newborns.

Shift: With institutional delivery already substantially expanded through programmes such as Janani Suraksha Yojana, the policy priority must now move from access alone towards quality, safety, referral capacity and continuity of care.

PYQ Compass

Q. In order to enhance the prospects of social development, sound and adequate health care policies are needed particularly in the fields of geriatric and maternal health care. Discuss (GS II - 2020)

ED launches multi-State crackdown on narcotics networks across South

The growing use of financial networks by organised drug-trafficking syndicates highlights seizing drugs alone does not dismantle the criminal ecosystem unless the money generated by the trade is also traced and disrupted.

Latest Developments

Operation: In September 2026, the ED conducted searches across Tamil Nadu, Kerala, Karnataka and Telangana in connection with multiple narcotics-related cases involving methamphetamine, ganja, hashish oil and MDMA.

Network: The cases reveal different stages of organised trafficking, including procurement, financing, transportation, distribution and settlement of payments, often involving cross-border connections.

Finance: Investigations have identified mechanisms such as hawala, third-party bank accounts, gold loans and properties held in the names of relatives or other persons to conceal or transfer alleged drug proceeds.

ED Mandate

The Directorate of Enforcement, under the Department of Revenue, Ministry of Finance, is India's principal financial investigation agency for money laundering and specified foreign-exchange violations.

PMLA: Under the Prevention of Money Laundering Act, 2002, the ED investigates money laundering, traces proceeds of crime, provisionally attaches relevant property and prosecutes offenders before the Special Court

FEMA: Under the Foreign Exchange Management Act, 1999, the ED investigates specified contraventions of foreign-exchange laws, adjudicates cases and imposes penalties; unlike PMLA, FEMA is fundamentally a civil regulatory law.

PYQ Compass

Q. Identify the Millennium Development Goals (MDGs) that are related to health. Discuss the success of the actions taken by the Government for achieving the same.

Govt. to spend ₹24,000 crore to modernise police force

The proposed ₹24,000-crore Police Modernisation Mission, particularly in the context of the Supreme Court's directions on CCTV surveillance, highlights the twin objectives of operational capacity and protection of citizens' rights.

Police Modernisation: Building State Capacity

Mission: The Union government has initiated a ₹24,000-crore Police Modernisation Mission for five years to strengthen the technological and internal-security capabilities of State police forces and Central Armed Police Forces.

Technology integration: Modernisation increasingly involves CCTV systems, digital infrastructure, communication systems and other technology-enabled policing tools, allowing police forces to improve surveillance, investigation and operational coordination.

Federalism: Since police and public order are primarily State subjects under the Seventh Schedule, Central financial assistance is important for helping States overcome differences in resources and technological capacity.

CCTV in Police Stations: Technology as a Rights Safeguard

Judgment: In Paramvir Singh Saini v. Baljit Singh, the Supreme Court mandated CCTV systems in police stations to safeguard against custodial torture and abuse of authority.

Coverage: Cameras must cover entry/exit points, lock-ups, corridors, reception areas and interrogation rooms, creating an evidentiary record of police actions.

Extension: The requirement also applies to agencies such as the CBI, NIA, ED, NCB, DRI and SFIO that exercise interrogation or arrest powers.

Accountability: CCTV combines better policing with institutional accountability, particularly in the exercise of coercive State power.

Implementation: Although the ASUMP scheme provides funds for police infrastructure including CCTV, uneven utilisation and unspent funds reveal the gap between financial allocation and actual implementation.

Needed: More stable foreign capital (I.E 04-09-2026)

India's recent surge in foreign-currency inflows highlights a paradox of external-sector management: **foreign capital strengthens reserves and supports the rupee, but excessive inflows can create domestic liquidity pressures**. The RBI's 2026 measures, particularly the foreign-exchange swap facility linked to FCNR(B) deposits, provide a useful lens to understand how India can mobilise overseas funds while simultaneously managing exchange-rate and monetary-stability concerns.

Surge in Foreign Currency Inflows: Strengthening the External Position

Inflow: RBI measures announced in June 2026 generated foreign-currency inflows of $136.3 billion by August 31, substantially exceeding initial expectations.

Composition: Around $127 billion came through the FCNR(B) route, while the remainder was mobilised through External Commercial Borrowings and Overseas Foreign Currency Borrowings.

Reserves: India's foreign-exchange reserves reached a record $729 billion as of August 21, strengthening the country's ability to manage external shocks and support confidence in the rupee.

Stability: Stronger foreign-currency availability has helped contain rupee depreciation, but the inflows do not by themselves resolve India's underlying current-account deficit or weakness in attracting sufficiently stable long-term foreign capital.

PYQ Compass

Q. Consider, the following statements : (2023)
Statement-I : India accounts for 3.2% of global export of goods.
Statement-II : Many local companies and some foreign companies operating in India have taken advantage of India's 'Production-linked Incentive' scheme.
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 I
(b) Both Statement-I and Statement-II are correct and Statement-II is not the correct explanation for Statement-I
(c) Statement-I is correct but Statement-II is incorrect
(d) Statement-I is incorrect but Statement-II is correct

FCNR(B) Inflows: External Support and the Liquidity Trade-off

Mechanism: FCNR(B) deposits allow eligible non-residents to hold fixed-term deposits in freely convertible foreign currencies, bringing foreign exchange into Indian banks while protecting depositors from rupee-exchange-rate risk.

Liquidity: The RBI's 2026 buy/sell forex swap facility enables banks to exchange eligible fresh FCNR(B) deposits with the RBI for rupee liquidity, with swaps available against deposits having an original maturity of at least three years and covering the principal amount.

Management: Large inflows have contributed to a sharp rise in banking-system surplus liquidity, prompting the RBI to use variable-rate reverse repo auctions to absorb excess funds and maintain monetary-policy transmission.

Trade-off: FCNR(B) inflows can strengthen India's foreign-exchange position and support the rupee, but excessive liquidity may add to inflationary pressures, creating a balancing challenge for monetary policy.

Stability: Since FCNR(B) represents bank deposits rather than productive investment like FDI, India must complement such short- and medium-term inflows with stable FDI and other productive capital to address longer-term external financing needs.

Forging consensus (The Hindu : 04-09-2026)

The 26th Shanghai Cooperation Organisation (SCO) Summit, held in Bishkek, Kyrgyzstan, marked 25 years of the Eurasian grouping and provided an important platform for India to engage major powers amid growing geopolitical fragmentation. Pakistan assumed the SCO chairmanship for 2026–27. The summit came against the backdrop of the U.S.–Israel conflict with Iran, sanctions on Russia, the Russia–Ukraine war, U.S. tariffs and disruptions around the Strait of Hormuz, all of which are affecting the security, energy and economic interests of SCO members.

SCO: From Regional Security Forum to Geopolitical Platform

The SCO has increasingly become a forum where security, energy, connectivity and economic interests converge.

Security: Terrorism and instability in Afghanistan remain central concerns.

West Asia: Members expressed concern over the Iran-related conflict and called for a diplomatic solution.

Afghanistan: The grouping called for an inclusive government, peace, stability and humanitarian assistance while highlighting drug trafficking as a regional security threat.

Economic cooperation: Members welcomed progress towards an SCO Development Bank, reflecting attempts to strengthen regional financial mechanisms.

Strategic significance: With China, Russia, India, Iran and Pakistan within the same grouping, the SCO provides a rare platform for dialogue among states with sharply divergent interests.

West Asia and Energy Security

Ongoing Conflict: The U.S.–Iran confrontation has expanded beyond West Asia, affecting energy, trade and maritime security.

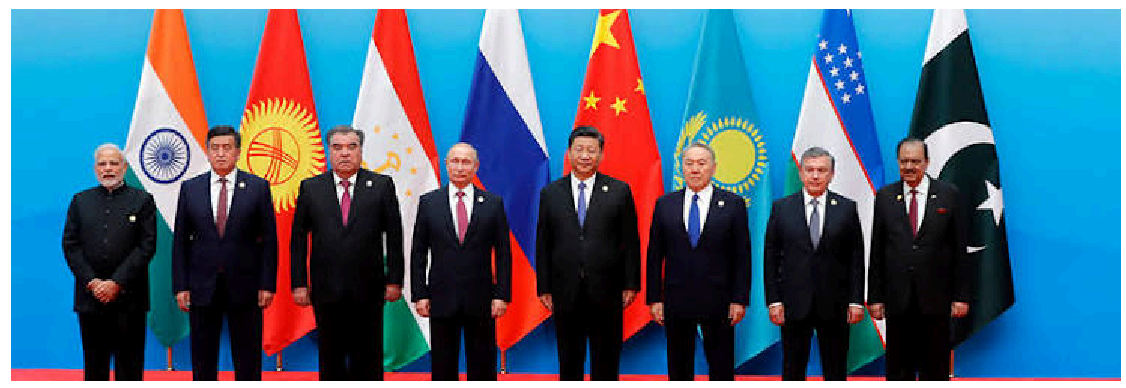
Blooming Tensions: Iran–UAE tensions have added another layer of instability, with Iran claiming an attack on Al Minhad Air Base and the UAE denying a missile attack while reporting interception of an Iranian drone.

Hormuz problem: Disruptions around the Strait of Hormuz pose risks to global oil supplies and India's energy security.

Diplomacy angle : Iran's simultaneous membership of SCO and BRICS makes crucial to India's wider Eurasian diplomacy.

PYQ COMPASS

Q. 'Virus of Conflict is affecting the functioning of the SCO' In the light of the above statement point out the role of India in mitigating the problems (GS II – 2023)



India's Strategic Approach

Terrorism: India called for dismantling the ecosystem of terrorist financing, recruitment, radicalisation and safe havens, while opposing double standards in counter-terrorism.

Autonomy: India's simultaneous engagement with the U.S., Russia, China, Iran, Gulf countries and Central Asia reflects its policy of strategic autonomy and multi-alignment.

Central Asia: India is seeking to deepen ties with Central Asian countries through trade, critical minerals, tourism, connectivity and security cooperation.

Afghanistan: India emphasised peace, stability, humanitarian assistance and action against drug trafficking in Afghanistan.

Pakistan: Pakistan's assumption of the SCO chairmanship for 2026–27, alongside its growing engagement with the U.S., Saudi Arabia and Türkiye and its emerging role in the U.S.–Iran context, adds a strategic challenge for India.

Changing Geopolitical Order

Multipolarity: The global order is becoming increasingly multipolar, with no single alliance dominating all major issues.

Overlaps: Countries increasingly compete in one arena while cooperating in another, as seen through overlapping platforms such as SCO and BRICS.

Fragmentation: Conflicts, sanctions, trade tensions and disruptions to connectivity are creating greater economic, energy and security fragmentation.

Balancing: India therefore needs to diversify partnerships, protect energy and connectivity interests, counter terrorism and preserve strategic autonomy.

India and Belgium ramp up bilateral defence cooperation

India–Belgium relations are gaining strategic depth as both countries move beyond traditional economic ties towards defence cooperation, advanced technology, maritime security and counter-terrorism.

Expanding Defence Partnership: From Dialogue to Cooperation

Agreements signed: India and Belgium signed three government-level defence-related agreements, including a Letter of Intent on Defence Cooperation and an MoU between Belgian security and defence industry bodies and Indian defence manufacturers. Both sides agreed to strengthen defence cooperation through institutionalised dialogue, high-level visits, training and capacity-building.

Technology anglee: Advanced technologies in aerospace, information security and specialised defence manufacturing are expected to get a boost.

Representation: India announced the appointment of a Defence Attaché at its Embassy in Brussels, strengthening institutional military-to-military engagement.

PYQ Compass

Q. The Chancellor of the Federal Republic of Germany visited India in January, 2026. Which of the following is/are NOT correct in terms of outcomes of this visit?

1. Signing of a Memorandum of Understanding between the All India Institute of Ayurveda and the University of Hamburg
2. Signing of a Memorandum of Understanding on Youth Hockey Development between Hockey India and the German Hockey Federation
3. Establishment of a bilateral dialogue mechanism on the Indo Pacific
4. Opening of an Honorary Consul of Germany in Lucknow

Select the answer using the code given below:
(a) 2 and 3 (b) 1 and 4 (c) 3 and 4 (d) 1 only

Defence Industrial Cooperation: Linking Technology with Manufacturing Scale

Co-production: Belgium has expressed interest in deeper industrial collaboration for the production of Belgian military equipment.

Partnership: India is seeking to combine Belgian technological expertise with India's manufacturing capacity for co-development and co-production of niche defence products.

Indigenisation: This step support India's shift from import dependence towards indigenous defence capability under Aatmanirbhar Bharat and Make in India.

Competitiveness: Joint production can help India integrate into global defence supply chains while enabling Belgian companies to access India's growing defence-industrial ecosystem.

Strategic Convergence: Security, Technology and Wider Cooperation

Security collaboration : India and Belgium are deepening cooperation on Indo-Pacific maritime security, safe and uninterrupted shipping and counter-terrorism, with Belgium condemning the Pahalgam attack and supporting India's position against cross-border terrorism.

Mutual Trust: Belgium's assurance that it will not provide defence cooperation or technological assistance to Pakistan strengthens India's confidence in the partnership and addresses concerns over the strategic use of advanced military technologies in South Asia.

Technology integration: The partnership is expanding from defence dialogue towards advanced technology, aerospace, information security and co-development/co-production, aligning Belgian technological capabilities with India's manufacturing ambitions.

Institutions involved: Cooperation between the CBI and Belgian Federal Police against transnational organised crime and cybercrime demonstrates that the relationship extends into broader non-traditional security challenges.

Integration: The proposed fast-track trade mechanism, goal of doubling bilateral trade and establishment of a Consular Dialogue indicate that defence cooperation is becoming part of a broader India–EU partnership.

The gap in manufacturing sector GVA

The ongoing global conflicts, especially the Russian-Ukraine war has created a paradox in India–Russia energy relations. India is simultaneously a major importer of Russian crude and an emerging exporter of refined petroleum products to Russia. This reflects India's strength as a refining hub, but also its continuing vulnerability to geopolitical pressure over Russian energy.

From Crude Dependence to Product Exports

Disruption: Ukraine's repeated attacks on Russian oil refineries have disrupted Russia's domestic refining capacity, increasing its need for imported petrol and diesel.

Exports: Indian refiners have used the opportunity and supplied around one million barrels to Russia over the last two months.

Shift in energy sale: Russia had historically been a negligible destination for Indian petroleum products, but refinery disruptions have now created a significant new market for Indian refiners.

Opportunity: India's large refining capacity allows it to convert available crude into refined products and supply markets disrupted by the war.

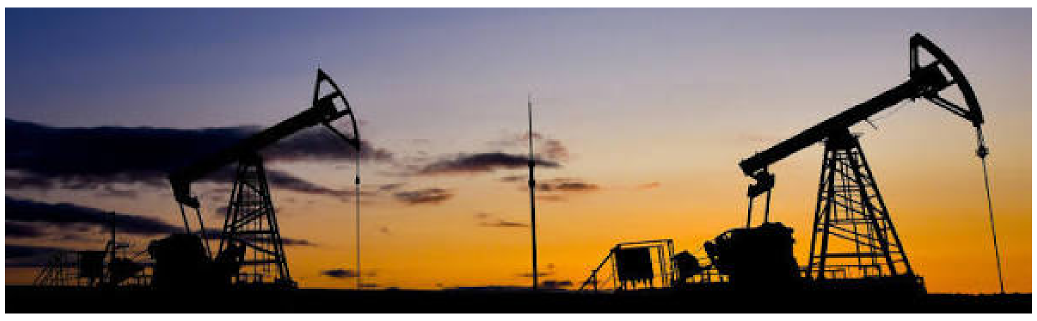
Russian Crude: India's Continuing Dependence

Dependence: Despite becoming an important exporter of refined products to Russia, India continues to depend heavily on Russia for crude oil, making the two countries deeply connected through the energy trade.

Share: Russia accounted for around 31.6% of India's crude-oil imports by June 2026, demonstrating the continued importance of Russian supplies.

Resumption: India initially reduced Russian crude purchases after U.S. pressure but subsequently resumed imports at high levels as Russian crude remained commercially attractive and global supply conditions changed.

The relationship has therefore evolved into a mutually beneficial energy arrangement in which India imports discounted or competitive Russian crude while exporting higher-value refined products to global markets, including Russia.



Energy Geopolitics: Russian Crude and U.S. Pressure

Dependence: Russia remains a major source of India's crude imports, accounting for around 31.6% in June 2026, despite earlier efforts to reduce purchases under U.S. pressure.

Pressure: The U.S. has used tariffs and other economic measures to discourage India from buying Russian crude, but global energy-security concerns and India's domestic requirements have limited the effectiveness of this pressure.

Balancing: India has continued importing Russian crude while managing its relations with the U.S., reflecting its attempt to protect energy security and maintain strategic autonomy amid geopolitical competition.

Refining Opportunity: From War Disruption to Indian Gains

Disruption: Ukrainian attacks have reduced Russian refining capacity, creating domestic fuel shortages while pushing more Russian crude into export markets and increasing demand for imported refined products.

Opportunity: India's large refining capacity, particularly its private refineries, has enabled it to convert available crude into petroleum products for the newly emerging Russian market.

Gains: Rising refined-product exports can generate foreign-exchange earnings and strengthen India's position as a global refining hub, although continued dependence on Russian crude leaves this opportunity exposed to sanctions and geopolitical disruptions.

PYQ Compass

Q. Explain the key challenges for India's energy security. What measures do you suggest for ensuring energy security along with economic growth and sustainability ? (Answer in 250 words) (GS III - 2026)

PYQ Compass

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Ans : d
1. Statement-I is incorrect: As of 2023, India does not account for 3.2% of global goods exports. Its share is lower than this figure, indicating that the statement is factually inaccurate.
2. Statement-II is correct: The Production-Linked Incentive (PLI) scheme has indeed encouraged many local companies and some foreign companies operating in India to increase their production and exports by offering financial incentives tied to their output.

Q. The Chancellor of the Federal Republic of Germany visited India in January, 2026. Which of the following is/are NOT correct in terms of outcomes of this visit?
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Select the answer using the code given below:
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(c) 3 and 4
(d) 1 only

Ans : b
Federal Chancellor of the Federal Republic of Germany, H.E. Mr. Friedrich Merz, paid an official visit to India from 12-13 January 2026. A Memorandum of Understanding on Youth Hockey Development between Hockey India and German Hockey Federation (Deutscher Hockey-Bund e.V.) was signed. Hence option 2 is correct.
Establishment of Bilateral dialogue mechanism on Indo-Pacific also took place. Hence option 3 is correct.
(This is a clear example of India's growing bilateral relations)

PRACTICE QUESTIONS

Q. Why are FCNR(B) deposits important from India's external-sector perspective?
(a) They directly increase India's merchandise exports.
(b) They channel foreign currency held by non-residents into the Indian banking system.
(c) They automatically become foreign direct investment in Indian companies.
(d) They eliminate India's current-account deficit.

Answer: (b)
FCNR(B) deposits are important because they bring foreign currency held by non-residents into India's banking system. Under this arrangement, eligible non-residents can keep fixed-term deposits in freely convertible foreign currencies rather than converting their funds into Indian rupees. This provides Indian banks with access to foreign-currency resources and strengthens the country's external financing position.

Q. Why has the expansion of institutional deliveries created a new challenge for newborn healthcare in India?
(a) Institutional deliveries have reduced the need for specialised neonatal care.
(b) Increasing hospital admissions have placed additional pressure on neonatal units with limited infrastructure and staffing.
(c) Institutional deliveries have completely eliminated the role of community health workers.
(d) Government hospitals are no longer permitted to provide home-based newborn care.

Answer: (b)
Promoting institutional deliveries improved access to skilled maternal and newborn care, but the resulting increase in admissions has also exposed capacity constraints in SNCUs. The policy challenge has therefore shifted from access alone to quality, capacity and safety of care.