

UPSC Mains Exam Based on Current Affairs Analysis – 9 Sept 2025

1. India and Israel Sign Landmark Bilateral Investment Treaty

Context: On September 8, 2025, India and Israel signed a significant Bilateral Investment Treaty (BIT) in New Delhi, marking a new chapter in their economic relationship. The agreement was signed by India's Union Minister of Finance and Corporate Affairs, Nirmala Sitharaman, and the visiting Israeli Finance Minister, Bezalel Smotrich. This treaty is notably the first that India has signed with a member of the Organisation for Economic Co-operation and Development (OECD) under its revised investment treaty framework.

Significance: This treaty is poised to be a game-changer for Indo-Israeli economic ties, which currently stand at an annual bilateral trade of approximately USD 4 billion. It is designed to boost investor confidence and encourage reciprocal investments by providing a framework of protection based on international norms. The agreement also ensures non-discriminatory treatment for investors and provides a mechanism for independent arbitration to resolve disputes, which is a crucial factor for attracting long-term foreign investment.

Analysis: The signing of the BIT with Israel underscores India's proactive approach to strengthening its economic partnerships with key global players. For India, it opens up avenues for increased foreign direct investment (FDI) from Israel, particularly in high-tech sectors where Israel is a world leader, such as defense technology, cybersecurity, and innovation. The treaty's provisions for fair and equitable treatment and protection against expropriation will create a more predictable and secure environment for Israeli investors in India. Conversely, Indian companies looking to invest in Israel's vibrant startup ecosystem and advanced industries will also benefit from these protections. The timing of the treaty is also crucial as it lays the groundwork for a potential Free Trade Agreement (FTA) between the two nations, which could further liberalize trade and deepen economic integration. The Israeli Finance Minister's visit and the positive remarks on India's economic growth trajectory further signal a mutual commitment to leveraging this partnership for economic prosperity.

UPSC Syllabus Correlation:

GS Paper 2: Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests;

GS Paper 3: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment; Government Budgeting; Effects of liberalization on the economy.

2. GST 2.0: A New Chapter in India's Indirect Tax Regime

Context: Eight years after its initial launch, the Goods and Services Tax (GST) is set to undergo a significant transformation with the introduction of "GST 2.0". This new phase of indirect tax reform aims to simplify the tax structure and reduce the compliance burden on businesses.

Significance: The centerpiece of GST 2.0 is the rationalization of the multi-slab structure. The current four main slabs of 5%, 12%, 18%, and 28% for consumer goods are being collapsed into a more streamlined two-slab system of 5% and 18%. This move is expected to reduce classification disputes and make the tax system more transparent and efficient. Furthermore, a new special rate of 40% will be applied to a select few luxury and demerit goods, replacing the earlier 28% plus cess structure. A significant majority of goods, around 90% of the 506 items listed, will see a rate reduction, with many essential items becoming more affordable.

Analysis: GST 2.0 is a bold step towards creating a more business-friendly tax environment in India. The reduction in the number of tax slabs is a long-standing demand from industry stakeholders and is expected to lead to greater tax buoyancy in the long run. By simplifying the tax structure, the government is betting on increased compliance and a reduction in tax evasion. The introduction of a voluntary simplified registration scheme for small businesses with a monthly output tax liability under ₹2.5 lakh is a particularly noteworthy feature, as it acknowledges the disproportionate compliance costs faced by smaller enterprises. This could bring a large number of informal businesses into the formal economy. While there are short-term revenue concerns, with projections of a marginal dip in collections, the long-term economic logic is sound. Lower tax rates and a simpler

system are expected to spur economic activity, leading to higher overall tax collections in the future, a principle often illustrated by the "Laffer curve". The amendment allowing Indian intermediaries to claim export benefits is another crucial reform that will enhance the competitiveness of India's service exports.

UPSC Syllabus Correlation:

GS Paper 3: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment; Government Budgeting; Inclusive growth and issues arising from it.

3. Prime Minister's Visit to Flood-Ravaged Punjab and Himachal Pradesh

Context: In response to the devastating floods that have wreaked havoc in Punjab and Himachal Pradesh, Prime Minister Narendra Modi is scheduled to visit the affected regions on September 9, 2025. The visit aims to assess the extent of the damage and review the ongoing relief and rehabilitation efforts.

Significance: The Prime Minister's visit underscores the gravity of the situation in both states, which have witnessed significant loss of life and property. In Punjab, the floods have claimed at least 48 lives and caused extensive damage to crops over a vast area. Himachal Pradesh has also suffered immense losses, with hundreds of fatalities and widespread damage to infrastructure. The direct involvement of the Prime Minister is expected to galvanize the relief operations and ensure a coordinated response from central and state agencies.

Analysis: The recent floods in Punjab and Himachal Pradesh highlight the increasing vulnerability of the Himalayan region and the adjoining plains to extreme weather events, a phenomenon widely linked to climate change. The Prime Minister's visit will not only provide solace to the affected families but also serve as an opportunity to take stock of the disaster management preparedness. The aerial surveys and review meetings with state authorities will provide a first-hand assessment of the ground situation, enabling the central government to allocate necessary resources and support. This disaster also brings to the forefront the need for long-term solutions, including better water management

practices, sustainable infrastructure development in ecologically sensitive zones, and more accurate weather forecasting and early warning systems. Environmentalists have pointed towards the need to respect river floodplains and adapt to the challenges of climate change. The visit is also a demonstration of cooperative federalism, with the central government stepping in to assist the states in a time of crisis.

UPSC Syllabus Correlation:

GS Paper 3: Disaster and disaster management;

GS Paper 1: Important Geophysical phenomena such as earthquakes, Tsunami, Volcanic activity, cyclone etc., geographical features and their location- changes in critical geographical features (including water-bodies and ice-caps) and in flora and fauna and the effects of such changes.

4. India's Longest Railway Tunnel Completed in Uttarakhand

Context: A major milestone in India's infrastructure development was achieved with the early completion of the 14.57 km-long railway tunnel between Devprayag and Janasu in Uttarakhand. This tunnel is a critical component of the ambitious 125-km Rishikesh-Karnaprayag Rail Link Project.

Significance: The completion of this tunnel, India's longest in the railway network, is a testament to the country's growing engineering prowess, especially in challenging Himalayan terrain. The project is strategically important as it will significantly enhance rail connectivity to the Char Dham shrines, boosting tourism and economic development in the region. It will also provide a reliable all-weather transportation network for the local population and for the movement of security forces.

Analysis: The construction of the Rishikesh-Karnaprayag rail line is a complex undertaking, given the fragile geology of the Himalayas. The successful completion of this tunnel, ahead of schedule, showcases the effective use of modern construction technologies. For the first time in a railway project in the Himalayas, Tunnel Boring

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Machines (TBMs) were deployed for a significant portion of the tunneling work, a technology previously used mainly for hydroelectric projects in the region. The use of TBMs not only expedited the construction process but also ensured greater safety and precision. This project is a prime example of the government's focus on augmenting infrastructure in border states. The improved connectivity will have a multiplier effect on the local economy, creating new opportunities in tourism, trade, and logistics. It also holds strategic importance for the swift movement of troops and military equipment to the border areas.

UPSC Syllabus Correlation:

GS Paper 3: Infrastructure: Energy, Ports, Roads, Airports, Railways etc.; Science and Technology- developments and their applications and effects in everyday life.

5. Delhi Government Launches Skill Development Scheme for Khadi and Rural Industries

Context: The Delhi government has announced a new ₹50 crore skill enhancement scheme aimed at training over 13,900 youth in Khadi, handloom, and other cottage industries. The initiative will be implemented by the Delhi Khadi and Village Industries Board (DKVIB) in partnership with several national skill development agencies.

Significance: This scheme is a significant step towards reviving traditional Indian crafts and making them a viable source of employment for the youth. It aims to bridge the gap between traditional skills and modern market demands by integrating digital and AI-driven skills into the training curriculum. The program guarantees self-employment opportunities for at least 20% of the trainees and wage employment for another 50%, providing a clear pathway to economic empowerment.

Analysis: The new skill development scheme reflects a broader national vision of 'Atmanirbhar Bharat' (self-reliant India) by promoting indigenous industries and crafts. By focusing on sectors like Khadi and handloom, the government is not only preserving India's rich cultural heritage but also creating sustainable livelihood opportunities. The provision of stipends, certification, loan assistance, and free toolkits will make the program more attractive to unemployed youth and artisans. The reservation of 50% of

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seats for women and individuals from SC, ST, OBC, and EWS communities ensures inclusivity and social equity. The establishment of training centers in every district of Delhi will ensure wider accessibility. This initiative is a good example of how government intervention can help in the modernization and formalization of the traditional sector, making it more competitive in the contemporary market. The emphasis on digital marketing and entrepreneurship development will equip the trainees with the necessary skills to thrive in the modern economy.

UPSC Syllabus Correlation:

GS Paper 2: Government policies and interventions for development in various sectors and issues arising out of their design and implementation; Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes.

GS Paper 3: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

6. India-New Zealand Foreign Office Consultations: Deepening Strategic Ties

Context: The 6th round of Foreign Office Consultations between India and New Zealand was held in New Delhi, covering a wide spectrum of bilateral relations. The discussions encompassed defence and security, trade and investment, education, agriculture, and people-to-people linkages.

Significance: These consultations are a crucial platform for both countries to review their bilateral engagement and chart a future course of action. The meeting gains added significance as it follows the official visit of the New Zealand Prime Minister to India earlier this year and the ongoing negotiations for a Free Trade Agreement (FTA).

Analysis: The India-New Zealand relationship is on an upward trajectory, driven by shared values of democracy, a rules-based international order, and a commitment to a free and open Indo-Pacific. The discussions on defence and security cooperation reflect a growing convergence of strategic interests in the face of a changing geopolitical landscape in the region. The progress on the FTA negotiations is a key priority for both nations, with the potential to significantly boost bilateral trade, which has already seen substantial growth. The focus on sectors like education, agriculture, and traditional medicine

highlights the multifaceted nature of the partnership. For India, New Zealand is an important partner in its "Act East" policy and a key voice in the Pacific Islands region. The regular high-level engagements and the strengthening of institutional mechanisms are indicative of a mutual desire to elevate the relationship to a new level.

UPSC Syllabus Correlation:

GS Paper 2: Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests; Effect of policies and politics of developed and developing countries on India's interests, Indian diaspora.

7. Vice-Presidential Election: A Contest of Ideologies

Context: Voting is underway for the election of India's next Vice-President, with a direct contest between the National Democratic Alliance (NDA) candidate, C.P. Radhakrishnan, and the joint opposition's nominee, B. Sudershan Reddy.

Significance: The Vice-President of India is the second-highest constitutional office in the country and also serves as the ex-officio Chairman of the Rajya Sabha. The election of a new Vice-President is a significant political event that reflects the prevailing political dynamics in the country.

Analysis: While the NDA, with its clear majority in the electoral college comprising members of both Houses of Parliament, has a distinct advantage, the election is being viewed as an ideological battle between the ruling coalition and the opposition. The choice of candidates by both sides reflects their political messaging. The outcome of the election will have implications for the functioning of the Rajya Sabha, where the Chairman plays a crucial role in maintaining order and ensuring the smooth conduct of legislative business. The decision of some regional parties to abstain from voting also provides insights into the evolving political alignments. The process of the vice-presidential election, which involves a secret ballot and proportional representation by means of a single transferable vote, is an important aspect of India's democratic process.

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UPSC Syllabus Correlation:

GS Paper 2: Indian Constitution—historical underpinnings, evolution, features, amendments, significant provisions and basic structure; Parliament and State Legislatures—structure, functioning, conduct of business, powers & privileges and issues arising out of these.

8. India-China Relations Amidst US Tariffs

Context: The Chinese Ambassador to India has called for greater economic cooperation between New Delhi and Beijing to jointly counter what he termed as "unfair and unreasonable" tariffs imposed by the United States on India.

Significance: This statement comes at a time of complex geopolitical churn, with both India and China facing trade-related challenges from the US. It highlights the potential for shifting alignments in the global economic order.

Analysis: The Chinese envoy's call for a united front against US tariffs is a strategic move aimed at finding common ground with India on a key economic issue. While India and China have their own set of bilateral issues, including the border dispute, the shared challenge of protectionist measures from a major trading partner presents an opportunity for cooperation. The envoy's emphasis on mutual benefits and a win-win situation in international trade resonates with the long-standing position of many developing countries. However, India is likely to tread cautiously, balancing its economic interests with its broader strategic considerations, including its growing partnership with the US in the Indo-Pacific. This development underscores the multipolar nature of the contemporary world, where countries are increasingly navigating complex and often overlapping relationships. India's response will be crucial in shaping the future dynamics of the India-China-US triangle.

UPSC Syllabus Correlation:

GS Paper 2: India and its neighborhood- relations; Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests; Effect of policies and politics of developed and developing countries on India's interests.

9. Haryana's New Aerospace and Defence Policy

Context: The Haryana government has unveiled a new aerospace and defence policy aimed at establishing the state as a leading manufacturing hub in these sectors.

Significance: This policy is a proactive step by a state government to attract significant investment, create employment opportunities, and contribute to the national goal of self-reliance in defence manufacturing ('Atmanirbhar Bharat').

Analysis: Haryana's new policy is well-aligned with the central government's focus on promoting indigenous defence production. By setting ambitious targets for investment and employment generation, the state is creating a conducive ecosystem for both domestic and foreign companies to set up their manufacturing units. The development of an Integrated Manufacturing Cluster (IMC) in Hisar with a focus on aerospace and defence is a key component of this strategy. The policy also aims to develop a robust Maintenance, Repair, and Overhaul (MRO) hub, a critical area where India has been heavily reliant on foreign players. The establishment of centers of excellence and skill development institutions will ensure the availability of a trained workforce, which is essential for the growth of these high-tech industries. This state-level initiative is a good example of competitive federalism, where states are actively competing to attract investment and drive economic growth.

UPSC Syllabus Correlation:

GS Paper 3: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment; Industrial policy and their effects on industrial growth; Indigenization of technology and developing new technology.

10. Incentive Scheme for Construction Equipment Manufacturing

Context: The central government is reportedly working on a substantial incentive scheme, with an outlay of around ₹14,000-16,000 crore, to promote the domestic manufacturing of construction equipment.

Significance: This proposed scheme is a crucial step towards reducing India's import dependence for critical construction machinery, such as tunnel boring machines and large cranes, which are essential for the country's ambitious infrastructure development plans.

Analysis: The 'Make in India' initiative gets a significant boost with this proposed incentive scheme for the construction equipment sector. As India embarks on large-scale infrastructure projects like metro rail networks, bullet trains, and expressways, the demand for sophisticated construction machinery is set to soar. A robust domestic manufacturing base for this equipment will not only save valuable foreign exchange but also create a more resilient supply chain, insulating projects from global price fluctuations and supply chain disruptions. The scheme is likely to be structured along the lines of the Production Linked Incentive (PLI) schemes for other sectors, which have shown encouraging results. By incentivizing local manufacturing, the government is also aiming to foster innovation and technological upgradation in this sector, creating a globally competitive domestic industry. This will also lead to significant employment generation in the manufacturing and allied sectors.

UPSC Syllabus Correlation:

GS Paper 3: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment; Infrastructure: Energy, Ports, Roads, Airports, Railways etc.; Effects of liberalization on the economy, changes in industrial policy and their effects on industrial growth.