Current Affairs - 29 August 2026

PM MODI'S CENTRAL ASIA VISIT: WHY THE REGION MATTERS FOR INDIA

PM Modi is on a Central Asia trip. He will visit Uzbekistan from August 29-30 on a bilateral visit, followed by the Kyrgyz Republic to attend the **26th Shanghai Cooperation Organisation (SCO)** Summit from August 31 to September 1.

India's focused engagement with the region's five countries — Kazakhstan, the Kyrgyz Republic, Uzbekistan, Tajikistan, and Turkmenistan — began in 2012.

The policy gained momentum when Modi became the first Indian Prime Minister to visit all five Central Asian nations in July 2015. This latest visit continues that outreach.

What Central Asia Offers?

- Central Asia has traditionally been viewed as Russia's strategic backyard, with a 20-30% ethnic Russian population and widespread use of the Russian language.
- The region is exceptionally rich in mineral and natural resources:
  - **Kazakhstan**: One of the world's largest uranium reserves, along with coal, lead, zinc, gold, and iron ore
  - **Kyrgyz Republic**: Gold and hydropower potential
  - **Turkmenistan**: One of the world's largest natural gas reserves
  - **Tajikistan**: Significant hydropower potential
  - **Uzbekistan**: Gold, uranium, and natural gas

India's Strategic Stakes: The Battle for Space

- For India, engagement with Central Asia serves multiple strategic objectives:

Security cooperation: Particularly important following the Taliban's takeover of Afghanistan.

Countering China's influence: Balancing Beijing's expanding footprint through its Belt and Road Initiative.

Connectivity: Advancing plans like the International North-South Transport Corridor (INSTC).

Historical and cultural ties: Building on centuries-old civilisational links.

Trade potential: Expanding economic partnerships.

Energy security: Leveraging Kazakhstan's uranium reserves and Turkmenistan's role in the proposed Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline.

- India's engagement is partly driven by a desire to prevent China from dominating this post-Soviet space through its substantial regional investments.

Key Challenges

- India faces a significant hurdle: the **lack of direct overland transport access**, since Pakistan blocks India's land route to the region.
- This challenge is a primary driver behind India's push to **integrate the INSTC with Iran's Chabahar port**, creating an alternative access route to this resource-rich region.
- Security concerns also loom large. Central Asia is widely seen as the northern boundary of the Islamic world, and the Taliban's ascent in Afghanistan has **heightened fears of radicalism** and a **potential regrouping of the Islamic State** — posing risks not just for India but for the Central Asian states themselves.

Civilisational and Cultural Links with Uzbekistan

- India shares a particularly deep cultural and civilisational connection with Uzbekistan.
- Notably, the only known **Buddhist monastery in Central Asia** is located at Kara Tepa, Termez, Uzbekistan — an important centre during the Kushana era, when Buddhist influence extended into the region. Linguistic ties run deep as well, with nearly **3,000 shared words** between Hindi and Uzbek.
- Cultural parallels extend to cuisine too — ghee-sariyok, samosa-samsa, naan-non, and pulao-pilaf reflect shared culinary heritage.
- Economically, **India ranks among Uzbekistan's top 10 trading partners**, with bilateral trade reaching close to $1 billion in 2025-26.

Conclusion

Despite persistent challenges — particularly the lack of direct overland access due to Pakistan and rising regional security risks from Afghanistan — India's civilisational links, economic potential, and multilateral engagement through platforms like the SCO position Central Asia as an increasingly vital pillar of its extended neighbourhood policy.

NATIONAL TEST HOUSE

- It is a **premier scientific organization** of the Government of India.
- It was **established in 1912** under the then Railway Board.
- **Mandate:** It is India's largest **multi-location multidisciplinary industrial** central government's **testing laboratory** dealing with almost all sorts of testing, **calibration and quality evaluation** related to industry, commerce, trade etc. as per international and national standards.

  Functions

  - **Technical Role:** It offers **technical consultancy**, testing, calibration, and quality evaluation across various sectors, adhering to both national and international standards.
  - **Accreditation Role:** It is also actively involved in supporting the National Accreditation Board for Testing and Calibration Laboratories (NABL) and BIS by providing technical assistance in the accreditation and standard formation activities, respectively.
  - **Drone certification:** It is the pioneering governmental entity in **India for drone certification.**
  - **Other Functions:** Testing, Electric Vehicle (EV) Battery Testing, Organic Food Testing and other advanced technological areas.
- Its branches are established at **Kolkata, Mumbai, Chennai, Ghaziabad, Jaipur, Guwahati**, and Varanasi.

  Nodal Ministry: It is functioning under the administrative control of the Department of Consumer Affairs, **Ministry of Consumer Affairs, Food & Public Distribution.**

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GENE-EDITED RICE VARIETIES

India developed two genome-edited rice varieties — DRR Dhan 100 (Kamala) and Pusa Rice DST1 and is set to release Pusa Rice DST1 for commercial production in the upcoming rabi season.

Pusa DST Rice 1:

- It is derived **from MTU1010,** which is suitable for **rabi season in southern states.**
- It is developed by **Indian Council of Agricultural Research** (ICAR)-Indian Agricultural Research Institute (IARI), New Delhi.
- **Properties:** The edit in its genome targets the **Drought and Salt Tolerance** (DST) gene, with the aim of improving the plant's ability to cope with **drought and salt-affected soils.**
- It is expected to be grown in Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Kerala, Chhattisgarh, Odisha, Madhya Pradesh, Maharashtra, Jharkhand, Bihar, Uttar Pradesh and West Bengal.

DRR Dhan 100:

- It is also **called Kamala variety.**
- It was developed by **ICAR-Indian Institute of Rice Research**, Hyderabad, from the popular Samba Mahsuri (BPT 5204) variety.
- Scientists edited a gene involved in **cytokinin metabolism,** with the aim of increasing the number of grains produced by each panicle.
- **Properties:** The resulting variety is said to **mature about 20 days** earlier than **Samba Mahsuri**, in **around 130 days,** and has a **stronger stalk** that is less prone to lodging, or falling over.

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PARIVARTAN SCHEME

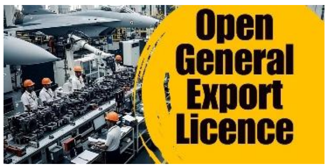
- PARIVARTAN (**Programme for Accelerated Renewal and Incentivization of Vehicle Assets for Reducing Transport Air Pollution and Network Emissions**) scheme was launched by the **Central Government.**
- It is aimed at facilitating the **replacement of older, highly polluting trucks** and **buses operating** in the **National Capital Region** (NCR) with **cleaner Bharat Stage (BS)-VI** compliant or electric vehicles.
- **Implementing Ministry:** It is implemented by the Ministry of Road Transport and Highways (MoRTH).

  Funding: It is funded by the National Capital Region Planning Board (NCRPB)

  States Covered: Rajasthan, Haryana, Uttar Pradesh and NCT of Delhi issued notifications granting Motor Vehicle Tax

  Incentives provided under the Scheme:
  - Motor Vehicle Tax concessions, registration fee waivers
  - **5% interest subvention** on vehicle loans
  - **A minimum 8% OEM discount** on eligible new vehicles
  - Monthly fuel voucher support for eligible diesel and CNG replacement vehicles
  - **One-time financial assistance** for electric replacement vehicles and Certificate of Deposit (CoD) trading
- It will be implemented through an **integrated digital platform** that will seamlessly interface with **VAHAN, V-Scrap, DigiELV**, the Public Financial Management System (PFMS), participating lenders.

OPEN GENERAL EXPORT LICENCE



- It was **introduced for the first time** in 2019**,** following demands from exporters, to make defence exports easier.
- It is a **standing one-time export authorization**.
- It enables eligible exporters to **self-generate export authorisations** for multiple **consignments of specified defence items**, without seeking a separate authorisation for each consignment.
- **OGEL Framework:**
    - The government **has merged three existing OGEL SOPs** covering major platforms and equipment, parts and components, and intra-company transfer of technology into a single framework.
    - **Validity:** OGEL validity has been **increased from two to three years**, reducing the frequency of renewals and associated compliance requirements.
    - **Countries covered:** OGEL coverage has been **expanded from 41 to all countries**, except negative/sensitive nations and those facing UN Security Council sanctions or arms embargoes.
    - A new provision facilitates Indian companies having long-term contracts or agreements with **Foreign Original Equipment Manufacturers** (FOEMs).
    - OGEL may be **granted for eligible items and the particular FOEM**, with validity aligned with the underlying contract or agreement, subject to prescribed conditions.
    - **Expanded Coverage:** The range of items covered under OGEL has been expanded, providing greater flexibility to eligible exporters.
        - The revised framework **also permits civil-end-use exports of** specified parts and components of **small-calibre arms and protective equipment,** further broadening legitimate international business opportunities.

JAVELIN MISSILE

Recently India has signed an agreement with the US to buy its Javelin anti-tank guided missile system.

- It is an American-made, **medium-range, man-portable, anti-tank guided missile.**
- The Javelin first entered service with the **US military in 1996.**
- It is developed and produced jointly by American defence majors **Raytheon and Lockheed Martin.**

  Key features:
  - Javelin is a **single man-portable fire-and-forget** medium-range antitank weapon system.
  - It can be fired in **top or direct attack modes.**
  - **Range:** It has a standard **effective range of 2.5 km.**
  - It can also be **fired from a remote launcher** mounted on an unmanned ground vehicle.
  - It is designed **to tackle heavily armored vehicles** such as main battle tanks and lighter-skinned military vehicles.
  - It is also effective against fortifications, bunkers and helicopters.
- **Working:**
  - It automatically **guides itself to the target** after launch, allowing the gunner to take cover and avoid counter fire.
  - The soldiers or marines using it **can reposition immediately after firing**, or reload to "engage another threat".
  - The weapon uses **an arched top-attack profile**, climbing above its target for improved visibility, and then strikes where the armor is weakest.

REFORM FOR SUSTAINED GROWTH - WHY INDIA'S GROWTH STILL NEEDS STRUCTURAL REFORM

- India's GDP growth for the last quarter is expected to be as high as 8%, defying fears that the Middle East conflict and its accompanying oil-price shock would derail the economy.
- The subsidised FCNR flows and other measures used to manage the external front are also expected to show an impressive final tally.
- While the economy has shown short-term resilience, this resilience is **largely cyclical, not structural** — and sustaining growth now requires deeper reform.

How India Absorbed the Shock — Three Factors:

- **Coordinated fiscal-monetary-regulatory stimulus (2025)**: Direct taxes were cut in February, GST was rationalised in September, and policy rates were reduced by 150 basis points, accompanied by regulatory easing in the financial sector.
- **Export diversification and currency depreciation**: Non-oil exports accelerated, helped by a nearly 15% real effective exchange rate depreciation since 2025, reduced US tariffs, and resilient global demand.
- **Swift and nimble energy diversification:**
    - India diversified crude imports (from Russia, LNG from the US and Oman) to avoid domestic shortages.
    - Paradoxically, India **imported 17% more energy** than normal last quarter, and the government absorbed the bulk of the oil shock to protect the private sector — though this will add to fiscal pressure ahead.

The Caution - Cyclical Strength, Not Structural Depth:

- Much of the recent pick-up is **cyclical**, driven by tax and interest-rate cuts and credit growth, and these impulses will eventually wane.
- The real test of long-term growth is the **investment rate**, which remains stuck at its decadal average of 32% of GDP and has not risen in recent years, despite rising public investment and real-estate capex.

- Corporate capex continues to languish at 10–11% of GDP, and balance sheets of the top 1,000 listed firms show no discernible pick-up in 2025–26.
- Central government capex — which underpinned the post-Covid recovery, growing 30% between 2020 and 2023 — has **slowed sharply**: 11% growth in 2024 and just 1.6% in 2025, as fiscal space was consumed by tax cuts.
- Cash transfers are also placing pressure on state capex, which is now growing below nominal GDP.

The Consumption and Export Challenge:

- Consumption is currently being fuelled by credit rather than income growth.
- **For example**, NBFC lending to households is growing at 20%, and unsecured personal bank lending momentum has risen to 25%, reflecting a sharp rise in household leverage. For this not to backfire, accelerating household incomes is essential.
- On exports, white-collar jobs created through Global Capability Centres (**GCCs**) and service exports have driven urban consumption, but "the AI writing is on the wall".
- **Service export** growth (in nominal dollar terms) has halved to 8% over the last year from 16% in the previous four years, and export growth among major IT firms has been flat.
- PLFS data show employment rates rising, but a significant share of new jobs remain "**self-employed**" rather than "salaried," even though the mix improved somewhat in 2025.
- The share of the workforce in agriculture, while declining, remains higher than pre-pandemic levels.

Conclusion:

- Boosting consumption and investment structurally is key to a sustained private capex cycle, which in turn is key to crowding in FDI and stabilising the balance of payments.
- A cyclical pick-up and strong capital inflows are welcome, but should be seen as a bridge — a means, not an end — to address deeper structural issues.