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INDUS WATERS TREATY - INDIA REJECTS HAGUE ARBITRATION RULING

- The Permanent Court of Arbitration (PCA), The Hague, has ruled that the 1960 Indus Waters Treaty (IWT) between India and Pakistan **remains “fully in force”** and that India must continue observing its obligations under the treaty.
- India, however, has categorically **rejected the ruling**, maintaining that the Court of Arbitration itself was constituted in violation of the IWT and therefore has no jurisdiction over India.

Indus Waters Treaty - A Brief Framework:

- The IWT, brokered by the **World Bank in 1960**, allocates the six Indus-system rivers between the two countries:
 - **Eastern rivers** — Ravi, Beas and Sutlej: primarily allocated to India.
 - **Western rivers** — Indus, Jhelum and Chenab: primarily allocated to Pakistan, while India retains specified rights for domestic use, irrigation and run-of-the-river hydropower projects.
- The treaty also establishes mechanisms for resolving disputes, including a Permanent Indus Commission, Neutral Expert and Court of Arbitration, depending upon the nature of the dispute.

Why Does India Reject the Court?

- India has **never participated** in the Court of Arbitration proceedings and disputes its very constitution.
- New Delhi argues that -
 - The Court was established by the World Bank in breach of the IWT.
 - Pakistan's invocation of the Court created **parallel proceedings** on issues that were already before the Neutral Expert.
 - The treaty does not permit simultaneous dispute-resolution mechanisms for the same questions.
 - The Court therefore **lacks jurisdiction** to rule upon India's sovereign decisions.

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Strategic and Geopolitical Significance:

- **Water as a strategic instrument:**
 - Pakistan is **heavily dependent** on the Indus river system; the rivers covered by the treaty support a substantial share of its agriculture and water security.
 - Consequently, any alteration in India's approach to the treaty has significant implications for Pakistan's food security, irrigation and economy.
- **India's security argument:**
 - India's position reflects the linkage it has drawn between cross-border terrorism and bilateral agreements, particularly after the Pahalgam attack.
 - New Delhi has repeatedly argued that “**blood and water cannot flow together**” and has maintained that the treaty requires reconsideration because circumstances have changed substantially since the 1950s.

International Legal Challenge:

- The episode highlights a larger question of treaty law versus unilateral sovereign action.
- While the PCA has interpreted the IWT according to its legal provisions, India disputes the tribunal's jurisdiction itself.
- Thus, the immediate issue is **not merely water allocation** but also the legitimacy and applicability of the dispute-settlement mechanism.

What Lies Ahead?

- The ruling is unlikely to immediately resolve the dispute because India does not recognise the tribunal's jurisdiction.
- The central contest is therefore likely to continue through -
 - India's continued implementation of its “abeyance” position;
 - **Pakistan's efforts to internationalise the issue;**
 - Parallel proceedings involving the Neutral Expert;
 - Disputes over Indian hydroelectric projects on the Western Rivers; and
 - Broader negotiations over the future of the IWT.

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INDIA SEMICONDUCTOR MISSION 2.0 - BUILDING A COMPLETE SEMICONDUCTOR ECOSYSTEM

- Semiconductors are essential components used in smartphones, computers, automobiles, defence systems, telecommunications equipment, consumer electronics and artificial intelligence infrastructure.
- Their strategic importance has increased because disruptions in global semiconductor supply chains can affect multiple industries.
- India has traditionally been strong in semiconductor design and engineering talent, but has had limited domestic manufacturing capacity.
- Government policy has therefore increasingly focused on developing an integrated ecosystem covering the entire semiconductor value chain.
- The **India Semiconductor Mission** was launched with this broader objective.
- The first phase, or ISM 1.0, received an allocation of Rs. 76,000 crore and resulted in the approval of 12 projects involving around Rs. 1.64 lakh crore of cumulative investment.

India Semiconductor Mission 2.0

- ISM 2.0 seeks to move beyond individual semiconductor projects and develop a complete domestic ecosystem. Its six pillars are:
 - **Chip design:** Supporting indigenous chip design, particularly for strategically important applications.
 - **Machines and materials:** Promoting domestic manufacturing of semiconductor equipment, chemicals and gases.
 - **Fabs:** Supporting the establishment of semiconductor fabrication facilities.
 - **Packaging and testing:** Expanding assembly, packaging and testing capabilities.
 - **Research and development:** Supporting advanced semiconductor technologies.
 - **Talent development:** Building the specialised workforce required by the industry.

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Investment Support

- The Centre will provide capital support of up to **40%** for silicon fabrication units.
- Support of up to **35%** will be available for compound semiconductor and discrete fabs, as well as specified display fabs and semiconductor packaging units.
- Incentives will be released on a **pari-passu basis**, meaning government support will correspond proportionately to capital invested in the project.

Pari passu is a Latin phrase that means "equal footing" or "moving together in equal step".

Support for Indian Chip-Design Start-ups

- ISM 2.0 also seeks to strengthen India's semiconductor design ecosystem. The Centre can take minority stakes in Indian semiconductor start-ups, matching private investment to bridge funding gaps.
- Chip-design start-ups and MSMEs can receive seed funding of up to Rs. 15 crore, followed by government co-investment beyond that threshold.
- The scheme also provides for royalty financing, under which supported companies pay 5% of net revenue until the Government recovers 1.5 times its support.

Talent and R&D

- Research and development and talent development receive support of up to 75% of project cost, according to the notified framework.
- This is important because semiconductor manufacturing requires specialised skills spanning chip architecture, fabrication, packaging, equipment and materials.
- India has already exceeded an earlier target of developing 85,000 semiconductor engineers in four years, against the original 10-year timeline.

Significance

- ISM 2.0 attempts to address India's semiconductor vulnerability by developing capabilities across the **entire value chain**, rather than focusing only on fabrication.
- It can strengthen supply-chain resilience, support domestic technology companies, generate skilled employment and increase India's participation in global semiconductor production.

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INDIA'S Q1 GDP GROWTH: RESILIENCE AMID LINGERING RISKS

- **Real GDP growth:** 7.8% in Q1 FY27 — higher than RBI's 7% estimate, higher than 6.9% in Q1 FY26, but lower than 8.6% in Q4 FY26
- **Nominal GDP growth:** 10.3%
- **Real Gross Value Added (GVA) growth:** 8.2%
- **Gross Fixed Capital Formation (GFCF):** Grew 11.9% (real terms); grew 20.4% in nominal terms, raising its GDP share to 34.3% from 31.4% last year

Three Key Drivers of the Growth Surprise

Manufacturing and Services Surge

- **Manufacturing:** Grew 9.2% (a three-quarter high), up from 8.3% a year ago, led by infrastructure-based companies.
- **Services (tertiary sector):** Expanded 10%, up from 8% a year ago; the 'Financial, Real Estate, Ownership of Dwelling, IT & Professional Services' category alone grew 12.1% (vs 8.8% last year).
- **Construction:** Grew 7.7%, up from 5.2%.
- **Electricity, Gas, Water Supply & Utilities:** Grew 8.9%, though partly a low-base effect.
- **Agriculture:** Grew a modest 3.6%, down from 4.4%, but better than feared given the June monsoon shortfall.
- **Mining and quarrying:** Contracted 2.4%, largely due to a high base (12.4% growth last year).

Demand Push

- Strong rural and urban demand reflected in GST collections and automobile sales.
- Rise in core exports (excluding oil, gems and jewellery).
- Air passenger traffic moderated in June amid higher costs.
- Rural consumption supported by PM-KISAN, higher Minimum Support Prices (MSP), and fertiliser affordability measures.

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Investment Activity

- GFCF (the proxy for investment) rose sharply, signalling a healthy trend for future growth.
- Economic Advisory Council to the PM had noted that investment must reach 34–35% of GDP to sustain 7%+ growth — a threshold nearly touched this quarter.

The Resilience Factor

- Chief Economic Adviser V. Anantha Nageswaran identified "resilience" as the key message from the Q1 GDP data.
- He noted that this continued resilience in India's growth performance is well-supported by high-frequency indicators.
- All three sectors — agriculture, manufacturing and services — contributed to growth despite West Asia-related uncertainties, with outcomes turning out better than initially feared amid the simmering conflict.

Lingering Risks Ahead

- **Crude oil prices:** Risk of supply disruption amid US-Iran tensions may keep Brent crude above \$80/barrel; rising prices of diesel and natural gas could dent private consumption globally and dim export prospects.
- **El Niño intensification:** Expected to peak in late 2026, posing downside risks to crop yields during the flowering and grain-formation stages, and threatening winter Rabi crops like wheat and mustard.
- **Unfavourable base effects:** Economists expect growth to slow from Q2 onward.
- **Deficient monsoon risk:** Could weigh on agriculture and rural demand in subsequent quarters.

Conclusion

India's 7.8% Q1 GDP growth, driven by robust manufacturing, services and investment activity, underscores the economy's resilience amid global uncertainty.

However, elevated crude prices, an intensifying El Niño and unfavourable base effects pose credible risks, necessitating sustained reform and diversification to secure growth momentum in the coming quarters.

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RAMON MAGSAYSAY AWARD



Recently, Singaporean lawyer and diplomat Tommy Koh, Myanmar activist Bo Kyi and Bangladeshi social worker Runa Khan have been named winners of this year's Ramon Magsaysay Awards.

- It is Asia's premier prize and highest honor, celebrates greatness of spirit and transformative leadership in Asia.
- It was first given in 1958 and named after former Philippine president Ramon Magsaysay.
- It is presented in formal ceremonies in Manila, Philippines on August 31st.
- **Selection:** The Awardees, annually selected by the RMAF board of trustees, are presented with a certificate and a medallion with an embossed image of Ramon Magsaysay.
- From 1958 to 2008, the Award was given in six categories annually:
 - **Government Service:** To recognize outstanding service in the public interest in any branch of government, including the executive, judicial, legislative, or military;
 - **Public Service:** To recognize outstanding service for the public good by a private citizen;
 - **Community Leadership:** To recognize leadership of a community toward helping the disadvantaged have fuller opportunities and a better life;
 - **Journalism, Literature, and Creative Communication Arts:** To recognize effective writing, publishing, or photography or the use of radio, television, cinema, or the performing arts as a power for the public good;
 - **Peace and International Understanding:** To recognize contributions to the advancement of friendship, tolerance, peace, and solidarity as the foundations for sustainable development within and across countries.

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- **Emergent Leadership:** To recognize an individual, **forty years of age or younger**, for outstanding work on issues of social change in his or her community, but whose leadership may not yet be broadly recognized outside of this community.
- The category of **Emergent Leadership** was inaugurated in **2000** and is supported by a grant from the Ford Foundation.
- The winners are presented with a **certificate and a medallion** with an embossed image of Ramon Magsaysay.

WHAT IS ASTRORAD?



- It is a **wearable, radiation-shielding vest** designed for **space travel** by the **Israeli company named StemRad**, with support from the **Israel Space Agency and Lockheed Martin**.
- It **protects astronauts' vital organs** from dangerous space radiation beyond low-Earth orbit (LEO).
- It **reduces Radiation Exposure Induced Death (REID)** while eliminating the possibility of Acute Radiation Syndrome (ARS) due to solar particle events.
- **Features:**
 - The AstroRad uses a **proprietary smart shielding design** to **selectively protect those organs and tissues** which are **most sensitive to radiation** in terms of REID probability.
 - This approach provides the greatest biological impact of protection with the least amount of mass.
 - **Tissue-weighting factors are assigned** to organs and tissues in the body to reflect the variance in radiation sensitivity, with organs such as the **lungs, bone marrow, colon, stomach, breasts, and ovaries** being among the **most sensitive**.
 - The **shielding** in the AstroRad comprises a **polymer with a high abundance of hydrogen**, which is advantageous for shielding against space radiation.

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CORAL BLEACHING



- It happens when **corals** experience **stress** in their environment due to changes in **temperature, pollution or high levels of ocean acidity.**

- **Process of Coral Bleaching:**

Under stressed conditions, the **zooxanthellae** or **food-producing algae** living inside coral polyps **start producing reactive oxygen species**, which are not beneficial to the corals.

- So, the corals **expel the colour-giving zooxanthellae from their polyps**, which expose their pale white exoskeleton, giving the corals a bleached appearance.

What Causes Coral Bleaching?

- **Change in Ocean Temperature:** Increased Ocean temperature caused by climate change is the leading cause of coral bleaching.
- **Runoff and Pollution:** Storm generated precipitation can rapidly dilute ocean water and runoff can carry pollutants, which can bleach near shore corals.
- **Overexposure to sunlight:** When temperatures are high, high solar irradiance contributes to bleaching in shallow water corals.
- **Extremely low tides:** Exposure to the air during extremely low tides can cause bleaching in shallow corals.

What are Corals?

- Corals are **marine invertebrates** or animals not possessing a spine.
- Each coral is called a polyp and thousands of such polyps live together to form a colony, which grows when polyps multiply to make copies of themselves.
- Corals share a **symbiotic relationship** with **single-celled algae called zooxanthellae.**

The algae provide the **coral with food and nutrients**, which they make through photosynthesis, using the sun's light.

In turn, the **corals give the algae a home and key nutrients.** The zooxanthellae also give corals their bright colour.