

THIS WEEK IN POLICY

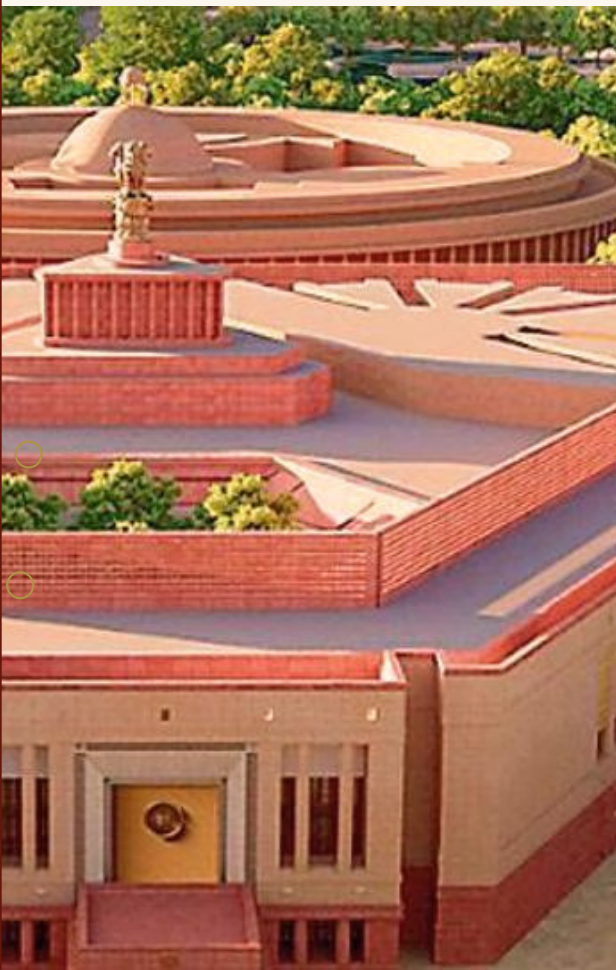
Weekly Policy Digest

11

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THIS WEEK
AT A
GLANCE



GOVERNANCE



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01The GDP Numbers and the New Base Year

India’s economy grew **7.8%** in the April–June quarter, faster than any other major economy and ahead of the 7.1–7.3% the market expected. Nominal GDP rose **10.3%** to Rs 88.3 lakh crore and real gross value added **8.2%**. It was also the first quarter measured entirely on the new 2022-23 base year.

REAL GDP GROWTH, Q1 2026, %

INDIA		7.8
CHINA		4.3
US		2.1
GERMANY		1.0
JAPAN		0.5

Q1 NOMINAL GDP, RS LAKH CRORE

Release	Q1 FY26	Q1 FY27
29 Aug 2025 2011-12 base	86.05	—
27 Feb 2026 2022-23 base	80.32	—
5 Jun 2026 2022-23 base	80.44	—
31 Aug 2026 2022-23 base	80.00	88.3
10.3% $88.3 \div 80.00$ · as reported		
9.7% $88.3 \div 80.44$ · earlier base		
2.6% $88.3 \div 86.05$ · across series		

WHAT THE CRITICS ALLEGE

The objection starts from a single figure. When the June quarter of 2025 was first published, in August that year, nominal GDP for the quarter was put at Rs 86.05 lakh crore. In the release of 31 August 2026 it appears at Rs 80 lakh crore, about 7% lower. Set the new Q1 FY27 figure of Rs 88.3 lakh crore against the original Rs 86.05 lakh crore and nominal growth is roughly 2.6%, not the 10.3% reported.

WHY THIS IS NOT THE CASE

The two figures are not from the same series. Rs 86.05 lakh crore was measured on the 2011-12 base and superseded when the 2022-23 series was published; Rs 88.3 lakh crore sits on the new base. Dividing one by the other compares two measurement systems, not two quarters of output. Growth is also reported at constant prices, which strip out price change, while 2.6% uses current prices.

Nor does the timing support it. Under the new series the comparable figure for that quarter was Rs 80.32 lakh crore, published on 27 February 2026 and left uncited. It moved to Rs 80.44 lakh crore in June and Rs 80.00 lakh crore in August as the new IIP and PPI were incorporated, a shift of 0.55%.

SOURCES & CREDITS NSO releases of 29 Aug 2025, 27 Feb, 5 Jun and 31 Aug 2026; MoSPI and JCR statements, 2 Sep 2026; SBI Research Ecowrap 23/FY27. Draws on work by Soumya Kanti Ghosh and Sanjeev Sanyal (PMEAC), Saurabh Garg (MoSPI) and Neelkanth Mishra (World Bank, Axis Bank).

WHAT THE GROWTH RESTED ON

The pick-up from 6.9% a year earlier came from manufacturing, especially capital goods and export-facing industries, and from a services rebound. Series compiled outside the national accounts moved with it: GST collections rose 11% to August, vehicle sales 25.6%, industrial output 6.2%, cement 8.8% and exports 17% to July, with net FDI at \$7.8 billion against \$4.75 billion.

The day after the release, the Japan Credit Rating Agency raised India’s sovereign rating a notch to A– from BBB+, the first upgrade of 2026. It cited growth held near 7%, strong private consumption and public investment, a sounder financial system, and the deficit narrowing from 4.7% to 4.4% of GDP in FY26 with capital spending kept high.

WHY THE BASE YEAR CHANGED

MoSPI replaced the 2011-12 base year with 2022-23 and published the new series on 27 February 2026. India resets the base each decade, but the Covid years were atypical, so the exercise waited for a normal one. The revision brought in a new Producer Price Index, a Banking Services Price Index and double deflation for manufacturing as recommended by the World Bank, and re-estimated every earlier figure.

From this a stronger inference was drawn: that last year’s base had been marked down so the current year would read higher, and that 7.8% real growth therefore overstates conditions on the ground. The claim reached the Opposition benches within a day.

Held to one series the number stands. Even against the June vintage of Rs 80.44 lakh crore, growth is 9.7% nominal and 7.4% real. Rebasing also reduced the measured size of the economy by about 7% that quarter, which cuts against the idea that a new base inflates it. A higher growth rate is in any case the expected result of dropping declining sectors from the basket and admitting newer, faster-growing ones.

The remaining question is technical. Manufacturing shows a negative implicit deflator of 1.5% because output and inputs are now deflated separately, real GVA growing 9.2% against nominal 7.7%. Over 300 item-level deflators feed it, so it need not track CPI or WPI. Whether it is calibrated correctly remains a fair question.

At the Centre

02

MINISTRY OF
CONSUMER
AFFAIRS, FOOD
AND PUBLIC
DISTRIBUTION

Government Notifies Legal Metrology Rules, 2026; Makes IST the Sole Official Time Reference

The Department has notified rules mandating Indian Standard Time (IST) as the single, common time reference across the country. The rules come into force after 180 days, giving government, business and digital systems a legally enforceable, uniform time standard. They allow more than one traceable source, including CSIR-NPL and NavIC, and more than one way to access it, from NTP for ordinary networks to PTP and White Rabbit where higher precision is needed. Significant for time-stamping in finance, telecom, power grids, transport and legal/administrative records; ends reliance on unofficial or divergent time sources.

CPRG INSIGHT

The notification advances the "One Nation, One Time" objective by establishing a uniform temporal reference for legal, commercial, and measurement-related activities. It can reduce discrepancies in contracts, logistics, financial transactions and digital systems, since two parties drawing time from different sources may otherwise record the same event at different moments. It underpins high-precision, synchronisation-dependent sectors (banking settlement, telecom, cyber-forensics, grid operations) and aligns India's timekeeping governance with a formal statutory framework rather than convention.

03

MINISTRY OF
DEFENCE

Defence Ministry unveils 'RAKSHA'- a 10-year defence-diplomacy blueprint

Rajnath Singh released 'RAKSHA', a framework setting India's decadal roadmap for global defence partnerships. It is built on four pillars - Strategic Partnerships (deeper bilateral/multilateral security cooperation), Capacity Building (joint exercises, training, best-practice sharing), Indigenous Exports (positioning Make-in-India platforms to make India a global defence manufacturing hub), and Maritime Security (India as Net Security Provider and First Responder in the Indian Ocean Region).

CPRG INSIGHT

RAKSHA brings partnerships, military training, defence exports and maritime response under one ten-year plan. These activities are usually handled through separate country agreements and service-level engagements. The maritime pillar responds to China's expanding naval presence and port access across the Indian Ocean. The export pillar puts Indian platforms in competition with Chinese and Pakistani offers in the same buyer countries, while giving the US and its partners a supplier working alongside them in the region rather than under them.

04

MINISTRY OF
COMMERCE AND
INDUSTRY

Piyush Goyal launches nationwide FTA-utilisation drive

At the “Leveraging FTAs” National Workshop, Piyush Goyal called for a district-level outreach push to maximise use of India's nine FTAs, which span economies worth ~\$60 trillion GDP and give preferential access to nearly two-thirds of global trade. With upcoming FTAs, coverage could rise to ~75% of global trade at below-competitor rates. He cited exports of ~\$317 billion in April–July, up \$36–37 billion year-on-year, and urged outreach to every MSME, trader, startup and woman entrepreneur.

CPRG INSIGHT

Signing an FTA does not automatically give an exporter a lower tariff. Indian exporters use only about 20 to 30 percent of the concessions available to them, while exporters shipping into India under the same agreements use 60 to 70 percent. The firm must meet product-specific rules of origin and complete the required paperwork, costs that smaller businesses often struggle to absorb. District-level outreach shifts the focus from signing agreements to helping firms use them. The drive creates no new concession; its value lies in making existing ones usable for MSMEs that do not have dedicated trade-compliance teams.

05

MINISTRY OF
COMMERCE AND
INDUSTRY

DGFT enables fully automated issuance of Free Sale & Commerce Certificates

The Directorate General of Foreign Trade (DGFT), under the Ministry of Commerce and Industry, has enabled automated, rule-based issuance of Free Sale and Commerce Certificates (FSC) on its portal through Trade Notice No. 24/2026-2027. The automation applies to eligible exporters of products not covered under the Drugs & Cosmetics Act, 1940, allowing qualifying online applications to be processed and issued without manual scrutiny by DGFT Regional Authorities.

CPRG INSIGHT

The DGFT’s automated issuance of Free Sale and Commerce Certificates represents a targeted ease-of-doing-business reform. By reducing manual intervention, processing time, and administrative costs, the measure can improve export competitiveness, particularly for regulated products requiring rapid certification. Its broader policy significance lies in advancing paperless governance and trade facilitation; effective implementation will, however, require robust digital safeguards, interoperability, and accessible grievance redressal mechanisms.

06

MINISTRY OF
COMMUNICATIONS

DoT and C-DOT Sign 5-Year Pact to Build Indigenous Optical Network Testbed

The DoT-funded testbed, situated on C-DOT's campus in New Delhi, will provide a practical environment to expedite the development, testing, and commercialisation of optical communication solutions created by Indian startups and industry, effectively connecting lab research with market readiness. It's structured in two phases: infrastructure setup in years 1-2, followed by operations, maintenance, and educational outreach in years 3-5, supporting India's self-reliance goals in telecom infrastructure

CPRG INSIGHT

This DoT-C-DOT testbed signals a shift from import dependence to sovereign capability in optical networking, a critical enabler of 5G/6G, data centres and secure communications. By validating indigenous designs before deployment, it de-risks public procurement, accelerates “Make in India” hardware, and creates a standards-aligned innovation pipeline for startups and PSUs.

STATE POLICY & GOVERNANCE

Across the States

07

Bihar and Jharkhand settle 26-year-old Sone River water-sharing dispute

The two states signed an inter-state MoU dividing the 7.75 million acre-feet allocated to undivided Bihar under the 1973 Bansagar Agreement. Bihar will receive 5.75 MAF and Jharkhand 2 MAF. The settlement also addresses reservoir levels, rehabilitation and irrigation infrastructure, enabling pending canal, reservoir and river-linking projects in drought-prone areas of both states to proceed

CPRG INSIGHT

When Jharkhand was carved out of Bihar in 2000, the Sone water allotted to the old state was never formally divided. For 26 years, both states planned dams, canals and irrigation projects without knowing exactly how much water each could claim. The MoU settles that basic question. Such agreements are rare, since these disputes usually go to a tribunal and stay there for decades. It does not bring more water into the river, but gives both states a fixed share and allows stalled projects to move

08

Haryana Assembly passes Right to Business Bill, 2026

The Bill allows eligible new and expanding manufacturing MSMEs to obtain a Certificate of In-Principle Approval within 15 working days, with deemed approval if no decision is taken. The certificate remains valid for 36 months while regular approvals are secured. Routine inspections by six departments will be restricted during this period, except in cases involving complaints, land-use violations or public-safety concerns.

CPRG INSIGHT

The Bill does not remove the regular approvals needed to run a factory. It allows an eligible MSME to start setting up or expanding while securing those approvals over the next 36 months. Earlier, a business could invest in land and machinery but remain stuck waiting for departments to respond. Now, no response within 15 working days means approval is assumed. This shifts the cost of official delay away from the business, while keeping checks for safety and land-use violations.

09

Andhra Pradesh approves dedicated Quantum and AI University campus

The CRDA approved an 8.5-acre NIELIT campus in Amaravati with a ₹730.70-crore, five-year grant from the Union Ministry of Electronics and Information Technology. It will offer undergraduate, postgraduate, doctoral, certification and skill programmes in quantum technologies, artificial intelligence, semiconductors and other deep-tech fields. Initial classes are planned at a temporary facility before the permanent campus is completed.

CPRG INSIGHT

The university was announced in February, and the CRDA approval of the site and funding now turns it into an actual project. Classes begin this month at a temporary facility at Acharya Nagarjuna University in Guntur while the permanent campus is developed. Its value lies in training students and researchers close to Amaravati's planned quantum and technology facilities. This can give the wider project the skilled people it needs, instead of building advanced infrastructure without a local workforce trained to use it.

10

Delhi and Tripura approve Ease of Doing Business legislation

Both states cleared ease of doing business legislation this week. The Delhi Cabinet, chaired by Chief Minister Rekha Gupta, approved a Bill creating a single-window online system for approvals, registrations, licences and clearances, under which Schedule-3 activities receive approvals and no-objection certificates immediately on application, self-declaration is permitted for specified low-risk categories, and all other approvals must be issued within the timelines set by the Right to Timely and Easy Delivery of Services to Citizens Act, 2026, with deemed approval on default. The Tripura Assembly unanimously passed its own Bill, replacing the Ordinance issued in February, amending multiple state laws to permit self-declaration for specified land diversion, relax certain shop and municipal licensing requirements, create single-contact mechanisms for construction and healthcare approvals, and provide for online registration of clinical establishments. The Delhi Bill now goes to the Ministry of Home Affairs

CPRG INSIGHT

Both states are doing the same thing from different ends. Delhi already had an online portal, so its change is that a department can no longer keep an application pending without consequence; if it misses the deadline, the approval is treated as granted. Tripura is amending the underlying laws instead, so for certain land diversion and licensing cases the permission is no longer required at all. Delhi is fixing the delay, Tripura is removing the step

11

Haryana Assembly passes State Commission for Minorities Bill, 2026

The Bill provides for a statutory State Commission for Minorities to examine constitutional and legal safeguards available to religious and linguistic minorities. It will monitor relevant government policies and welfare programmes, assess social, economic, educational and cultural requirements, inquire into complaints concerning the denial of rights and recommend measures for more effective implementation of minority safeguards.

CPRG INSIGHT

Haryana did not previously have a State Minorities Commission, so complaints and reviews of safeguards were handled through general state channels or taken to the National Commission. The Bill creates a dedicated body that can examine these questions directly with Haryana departments and track state schemes over time. Its recommendations remain advisory, but statutory status gives minority grievances a regular state-level route instead of leaving people to make separate representations to different offices.

DIPLOMACY & EXTERNAL AFFAIRS

India & the World

12

India and Uzbekistan elevate ties to a Comprehensive Strategic Partnership

During Prime Minister Narendra Modi’s state visit to Tashkent, India and Uzbekistan upgraded bilateral relations to a Comprehensive Strategic Partnership and set a \$5 billion trade target by 2030. The two sides agreed on a framework for long-term uranium supplies to support India’s civilian nuclear programme, alongside expanded cooperation in defence, critical minerals, digital payments (UPI), education, and regional connectivity. A new foreign minister-level mechanism will oversee implementation, reinforcing strategic alignment within the Shanghai Cooperation Organisation and on Global South priorities.

CPRG INSIGHT

The elevation to a Comprehensive Strategic Partnership institutionalises India–Uzbekistan cooperation at a level commensurate with shared security and economic priorities, particularly energy security via uranium imports. By anchoring ties in defence, critical minerals, and connectivity, India diversifies supply chains and deepens its Central Asian footprint, countering regional hegemony while advancing its “Connect Central Asia” doctrine within a multipolar order.

13

Prime Minister attends the 26th SCO Summit in Bishkek

The Council of Heads of State met in Bishkek from 31 August to 1 September, the SCO's 25th anniversary year. Alongside the Bishkek Declaration, four MoUs and over twenty decisions and statements were adopted, covering climate, nuclear safety, energy conservation and drug addiction. India's initiatives in the Declaration include English as an official language of the SCO Charter, a Civilisation Dialogue Forum, a Young Scientist Forum and a Young Authors' Conclave. India will host the first Civilisation Dialogue Forum later this year.

CPRG INSIGHT

Most SCO declarations set direction but do not by themselves create working programmes. India's gain is getting its proposals placed inside the organisation's formal agenda. Making English an official language would widen access to SCO documents, which have traditionally operated in Chinese and Russian, although inclusion in a declaration is not the same as amending the Charter. The new forums give India recurring platforms for scientific and cultural engagement rather than leaving its proposals as one-time summit statements.

14

India rejects the Court of Arbitration award on the Indus Waters Treaty

India has formally rejected the Hague-based Court of Arbitration's award on the Indus Waters Treaty, asserting the tribunal lacks jurisdiction over its sovereign decisions. The Ministry of External Affairs termed the court "illegally constituted" by the World Bank and reiterated that India's 2025 decision to hold the treaty in abeyance, pending Pakistan's credible renunciation of cross-border terrorism, remains in force. India maintains that the court's pronouncements are null and will not affect its hydroelectric projects on the Western Rivers

CPRG INSIGHT

India's rejection marks a shift from a treaty that survived wars by keeping water separate from political conflict. By linking cooperation to Pakistan's action on cross-border terrorism, India is making water part of its security policy. This could strengthen its leverage and speed up hydropower development on the western rivers. But rejecting the award does not end the case: the Court still treats the treaty as binding, so projects such as Ratle may face further legal and diplomatic challenges.

15

Prime Minister of Belgium visits India; five agreements signed

Bart De Wever visited India from 2 to 4 September, his first since taking office in 2025, accompanied by Belgium's Minister of Defence and Foreign Trade and a business delegation. The two sides signed a Letter of Intent on defence cooperation, MoUs on renewable energy, diplomatic training, and a CBI-Belgian Federal Police agreement on transnational organised crime and cybercrime, plus a BDSI-SIDM industry MoU. Announcements covered an Investment Fast-Track Mechanism, a Consular Dialogue, an Indian Defence Attaché in Brussels, and doubling trade in five years.

CPRG INSIGHT

India and Belgium have mostly done business in diamonds, with rough stones going from Antwerp to Surat and coming back cut, and not much else in the relationship carried the same weight. This visit tries to widen it. The defence attaché in Brussels is the furthest-reaching outcome, because NATO and the EU are in the same city, so one posting covers far more ground than Belgium alone. The investment fast-track gives a company stuck on a clearance somewhere to go besides the embassy. The defence Letter of Intent is a step below an agreement and only says both sides want to keep talking.

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