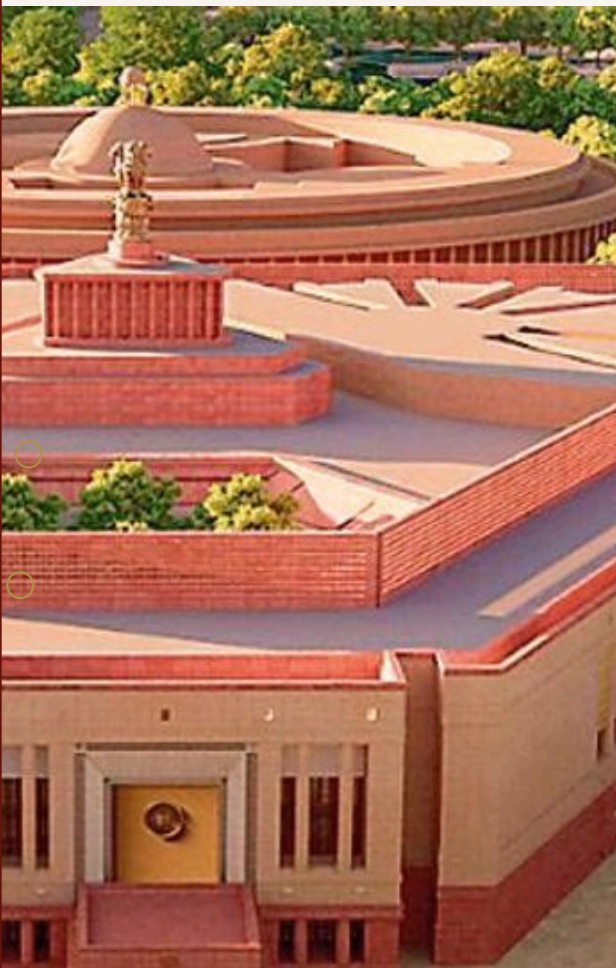


THIS WEEK IN POLICY

Weekly Policy Digest

13 VOLUME 14

11 September to 17
September 2026



IN THIS ISSUE

AT THE CENTRE

- 1 Special Feature - Foreign Policy
- 2 PM Modi Inaugurates SEMICON 2.0
- 3 Cabinet approves higher EPFO wage ceiling of Rs 25,000 per month
- 4 Ministry of Coal issues the first sector-specific CSR framework
- 5 Centre introduces selective MDR framework for UPI merchant payments

ACROSS THE STATES

- 6 Kerala approves 'Saral Keralam' to fast-track investment clearances
- 7 Telangana passes Praja Viswasam Bill to boost ease of doing business
- 8 Madhya Pradesh approves State Mineral Exploration Policy, 2026
- 9 Gujarat Assembly passes Ease of Doing Business Bill, 2026
- 10 Telangana passes Core Urban Region (Integrated Governance) Bill, 2026
- 11 Himachal Pradesh signs Kishau Multipurpose Project agreement with five partners

INDIA & THE WORLD

- 12 EU Sends Landmark Free Trade Agreement (FTA) with India to Council for Sign-Off
- 14 India and MERCOSUR Launch Talks to Widen Trade Pact, Sign Digital Trade Protocol



THIS WEEK
AT A
GLANCE



GOVERNANCE



SUSTAINABILITY



ECONOMY



FOREIGN POLICY



TECHNOLOGY

New Delhi Hosts BRICS Amid Two Wars and an Oil Shock

India took the BRICS chair in a year of two wars, a closed shipping lane and a bloc divided against itself. On 12 September, eleven members signed a single text.

When India took over the chair, the grouping had just failed a basic test of its own cohesion. A meeting of BRICS foreign ministers in Delhi in May broke up without a joint statement, undone by the war in West Asia: Iran wanted the bloc to name the United States and Israel, and the Gulf members would not. Four months later, after the UAE had suspended trade and financial dealings with Tehran, the same governments sat down at Bharat Mandapam and adopted a 140-point declaration unanimously, on the opening day.

Nearly every fault line in the bloc was live. Russia was in the fifth year of its war in Ukraine and under a fresh round of Western measures. China arrived with its border understanding with India still unfinished and its maritime disputes in Southeast Asia sharpening. The Strait of Hormuz had been effectively closed since late February, and on 11 September, the day before leaders met, an attack shut Saudi Arabia's East-West pipeline, pushing Brent above \$100 and raising the cost of every barrel India buys.

Over all of it sat Washington. Through 2026 President Donald Trump has threatened tariffs of up to 100% on BRICS members over any move away from the dollar, and an additional 10% on countries he judges aligned with the bloc. India had already felt it: a 25% penalty imposed in August 2025 over Russian oil purchases took US tariffs on Indian goods to 50%, before it was withdrawn in February. The question in Delhi was less whether the summit would defy Washington than whether eleven members could agree on anything at all.

The fault lines

- West Asia.** Iran against the US and Israel, with Gulf members on the other side of the bloc's table.
- Ukraine.** Russia in the fifth year of the war and under new Western sanctions.
- Asia.** India–China border talks unfinished; Beijing's maritime disputes with Southeast Asia sharpening.
- Energy.** Hormuz shut since February, Brent above \$100 a barrel.

The bloc

- 11 members**, with partner countries alongside
- About 40%** of global GDP
- Nearly half** the world's population
- India's fourth** time as chair, after 2012, 2016 and 2021



What the Declaration Says, and What India Takes From It

A 140-point text that criticises tariffs and sanctions without naming the United States, defers the currency question, and carries work India has been pushing for two years.

The text

The declaration urges maximum restraint in West Asia and records concern over deliberate attacks on civilian infrastructure and peaceful nuclear facilities, but stops short of condemning the US–Israeli strikes on Iran, and equally short of criticising Iran's attacks on Gulf states. That symmetry is what made a single text possible. On trade it voices serious concern over unilateral tariff and non-tariff measures inconsistent with WTO rules and opposes sanctions not authorised by the UN Security Council; the United States is not named anywhere. The bloc condemned the Pahalgam attack, called for a ceasefire in Gaza, and backed reform of the UN Security Council and the IMF, with China and Russia supporting a larger role for India and Brazil.

The currency question, deferred

Members asked the BRICS Payment Task Force to continue work on interoperable cross-border payments and settlement in local currencies. There is no common currency and no proposal for one. This was where India pushed back hardest: accounts from the summit describe Russia, China and Iran pressing for sharper language on the dollar and on Western financial institutions. What emerged is closer to payment plumbing than to a challenge to the dollar's reserve role.

What India takes from it

For New Delhi the bloc is increasingly a commercial proposition. India's trade with BRICS members has more than doubled in five years, from \$203 billion in 2020-21 to \$417 billion in 2025-26, with merchandise exports of \$96 billion; ASSOCHAM sees those exports reaching \$200 billion by 2030 in engineering goods, pharmaceuticals, chemicals, textiles, automobiles and electronics. The summit also endorsed India's International Big Cats Alliance, recorded interest in a BRICS Risk Lab at GIFT City, and committed members to the leaders' statement on AI governance. China takes the chair in 2027, and is expected to press the financial agenda further than India was willing to go.

India's trade with BRICS

US\$ billion, ASSOCHAM

2020-21	203
2025-26	417

Exports to the bloc were \$96 billion in 2025-26; ASSOCHAM sees \$200 billion by 2030.

"We have to transform this pyramid of privilege into a platform of partnership"

Prime Minister Narendra Modi, addressing the summit

On the sidelines

- Russia.** Modi and Putin reviewed the \$100 billion trade target, fertilisers, critical minerals and defence, and the safety of Indian seafarers.
- China.** Xi's first India visit in seven years; both sides backed a fair and mutually acceptable boundary settlement.
- Iran and the UAE.** Pezeshkian met Abu Dhabi's Crown Prince in Delhi, their highest-level contact since the war began.

The US Sanctions Act and India's Oil

Trump renewed his tariff threat within hours of the declaration. Four days later Congress handed him a standing power to tax the largest buyers of Russian energy, India among them.

The response

Trump repeated his threat of tariffs of up to 100% on the bloc within hours of the declaration, and no senior US official engaged with its substance. Brussels read the week differently: an EU Institute for Security Studies called **India's Chair-ship evidence of multi-alignment, and an opportunity for Europe.**

The Act

On 16 September the House passed the Lindsey O. Graham Sanctioning Russia and Iran Act 262–159, sending it to the President; the Senate had passed it 86–11 on 7 August. Trump has not signed. It targets Russia's energy and defence sectors, President Putin and senior officials, and the shadow fleet of tankers. Its tariff clause covers the five largest buyers of Russian oil and gas including India, China, Azerbaijan, Hungary and Slovakia at up to 100%, but the tariffs are discretionary and waivable, and analysts see the waiver, not the ceiling, as the operative provision.

India's answer

The Ministry of External Affairs said India remains firmly committed to energy security for its 1.4 billion people, that it had very clearly articulated to US interlocutors the implications for the bilateral relationship and for energy markets, and that it will take all necessary measures to protect its trade interests. Refiners have booked Russian cargoes for September and October and, Reuters reported, want a wind-down period and a quota rather than a tariff.

What it means for India's foreign policy

The week set out both halves of India's position. In Delhi it could convene Russia, China and Iran and produce a text that gave nothing away; in Washington that careful language earned no credit. The trade talks now run under the same threat, which analysts expect to shape what India can settle for.

The energy side is harder. Diversification is what Washington wants, but Hormuz is constrained and Brent is above \$100, so New Delhi's case is for a phased wind-down rather than an abrupt switch. India's own statement framed the Act as a risk to the wider relationship, not only to trade. For now the bill is unsigned and the President has not said how he would use the authority.



At the Centre

02

PM Modi Inaugurates SEMICON 2.0

Prime Minister Narendra Modi inaugurated SEMICON India 2026 in New Delhi, asserting that the nation's semiconductor journey has progressed decisively "from files to factories", with three fabrication units already operational at commercial scale. He unveiled an expanded India Semiconductor Mission 2.0, backed by an enhanced outlay of \$13.5 billion up from \$8 billion, aimed at strengthening chip design, fabrication, advanced packaging, and talent development across the ecosystem. Themed "Silicon to Systems: Building the Ecosystem", the three-day summit has convened over 600 exhibitors and delegations from more than 50 countries, reaffirming India's ambition to establish itself as a trusted and resilient hub for global semiconductor manufacturing and innovation

CPRG INSIGHT

The announcement of operational fabs offers tangible proof of momentum in India's semiconductor push. Five commercial semiconductor manufacturing or packaging units are now operational out of 12 projects approved under Semicon 1.0, with the remaining projects still in the pipeline. Nearly doubling the outlay signals that the government sees the sector as strategically non-negotiable, especially as global supply chains realign away from Taiwan-concentrated manufacturing and toward alternative nodes like India. The breadth of international participation reflects growing confidence in India's semiconductor ambitions, signaling heightened interest from global investors as India steadily builds out its domestic consumer base.

03

India Cements Global Vaccine Leadership as it Powers a \$195 Billion Bioeconomy

India has become the world's largest vaccine producer and supplier by volume, Union Minister Dr Jitendra Singh announced at the CEPI Board and Investors Council meeting in New Delhi. The country now accounts for nearly 60% of global vaccine output and meets over 65% of the World Health Organisation's routine immunisation needs. Singh also highlighted India's rapidly expanding bioeconomy, which grew 18% year-on-year to reach \$195.3 billion in 2025, underscoring the nation's rising scientific and manufacturing capabilities.

CPRG INSIGHT

India's vaccine dominance is a strategic leverage. By supplying 60% of the world's vaccines and two-thirds of WHO's immunisation stock, India has quietly become indispensable to global public health security, giving it soft-power influence far beyond trade numbers. Pairing this with an \$195.3 billion bioeconomy growing at 18% annually signals a deliberate shift: India is moving from being merely a low-cost manufacturing hub to a scientific innovation base. As pandemic preparedness becomes a geopolitical priority, this positions India as a critical partner and a country other nations can't afford to sideline.

04

Cabinet approves higher EPFO wage ceiling of Rs 25,000 per month

The Union Cabinet approved raising the wage ceiling for mandatory coverage under the EPFO from Rs 15,000 to Rs 25,000 per month. More than 51 lakh additional employees are expected to come under mandatory coverage, extending provident fund, pension (EPS) and insurance (EDLI) protection. The annual government outgo is estimated at about Rs 11,339 crore, with the five-year cost near Rs 56,696 crore. The Labour Ministry and EPFO will undertake implementation.

CPRG INSIGHT

The ₹10,000 increase looks large, but much of it simply restores the value of the old ceiling after inflation. Using MoSPI's CPI series, ₹15,000 in September 2014 was worth about ₹24,700 by December 2025 in purchasing-power terms. In that sense, the new ₹25,000 ceiling largely brings mandatory EPFO coverage back to where it stood twelve years ago in real terms. The bigger issue remains that the ceiling is not indexed to inflation or wages, so its coverage can gradually shrink again if it stays fixed for another long period.

05

Centre introduces selective MDR framework for UPI merchant payments

The government introduced a new UPI merchant-payment framework while keeping all person-to-person transfers free. Merchant payments up to ₹2,000 and UPI QR receipts of small merchants receiving up to ₹1 lakh a month will carry zero MDR. Other merchant payments above ₹2,000 will attract 0.4% MDR, capped at ₹300 for transactions of ₹75,000 or more, with lower rates for essential sectors and capital-market payments. Five per cent of MDR collections will fund UPI adoption among small merchants.

CPRG INSIGHT

The 0.4% figure understates how significant the change could be. Only a small share of merchant UPI transactions cross ₹2,000, but these are higher-value payments and therefore represent a larger share of transaction value. Banks and payment firms see MDR as a way to make the UPI ecosystem financially sustainable, while retailer groups have warned that thin-margin businesses may discourage UPI or shift larger payments towards cash. The ₹2,000 cut-off protects everyday use, but could also encourage merchants to split bills or steer customers to other payment modes.

STATE POLICY & GOVERNANCE

Across the States

06

Kerala approves ‘Saral Keralam’ to fast-track investment clearances

The Cabinet approved Saral Keralam, a new investment-clearance framework built around “One State, One Approval, One Document”. Projects worth ₹25–50 crore will be handled by district-level bodies and larger projects by a state-level body, coordinated by KSIDC. The reform will amend 19 existing laws and require departments to complete scrutiny and inspections within prescribed timelines while retaining their statutory powers. An appellate mechanism will allow investors to challenge departmental objections.

CPRG INSIGHT

This reform marks a transition to a coordinated single-window system. Each department is required to review proposals and communicate its decision within a stipulated timeframe while retaining its statutory powers. This arrangement seeks to balance central coordination, undertaken by the Kerala Industrial Development Corporation, with continued departmental authority. Furthermore, the appeal mechanism may prove instrumental in preventing the new framework from generating procedural bottlenecks of its own. The significance of this measure is heightened by Kerala's historically poor performance on ease-of-doing-business indicators, where it has consistently trailed other states in approval turnaround times, regulatory compliance burden, and investor perception. The reform closely resembles Delhi's Ease of Doing Business legislation, which instituted a single-window online mechanism for approvals, registrations, licenses, and clearances.

07

Telangana passes Praja Viswasam Bill to boost ease of doing business

The Telangana Legislative Assembly has passed the Praja Viswasam (Amendment) Bill, 2026, a reform aimed at building trust-based governance and improving the state's ease of doing business (EoDB). Modelled on the Centre's Jan Vishwas Bill, the legislation decriminalises and rationalises over 400 minor offences, replacing criminal liability with monetary penalties that better reflect present-day economic conditions. For instance, under the new framework, minor administrative or documentation lapses that previously exposed individuals and businesses to criminal prosecution will instead be handled through graded fines, imposed via a dedicated adjudication mechanism and calibrated according to the severity and duration of the violation.

CPRG INSIGHT

Most ease-of-doing-business reforms work on entry with faster, single-window clearances, but this policy, modelled after the Central Govt. legislation, focuses on what happens after a business is already operating. However, the risk here is of excessive discretion in administrative authorities, weak appellate safeguards in some sectors, the possibility that monetary penalties may replace criminalisation without reducing the burden, and limited clarity on uniform standards across different laws.

08

Madhya Pradesh approves State Mineral Exploration Policy, 2026

Madhya Pradesh approved the State Mineral Exploration Policy, aimed at expanding mineral exploration, attracting investment and linking mining activity with employment and local development. The policy targets annual mineral revenue of ₹13,720 crore in the near term and ₹30,000 crore by 2030–31. It also places emphasis on using District Mineral Foundation funds in mining districts for education, healthcare, women and child welfare, agriculture, environmental protection, roads and watershed development.

CPRG INSIGHT

The policy is not only about finding more mineral deposits; it also raises the question of what mining growth does for the places where extraction happens. National Mineral Exploration Trust projects are already exploring graphite and associated minerals in Madhya Pradesh, linking expanded exploration capacity to India's wider push for strategic mineral security. Ten mineral-heavy districts already hold most of the state's District Mineral Foundation corpus. The real test will be whether higher mineral revenue translates into better local infrastructure, healthcare and environmental restoration in mining-affected areas.

09

Gujarat Assembly passes Ease of Doing Business Bill, 2026

The Gujarat Assembly passed legislation amending provisions across five state laws to reduce regulatory requirements and expand trust-based compliance. It provides for self-declaration and self-certification, risk-based fire-safety regulation, round-the-clock operation of shops and establishments subject to labour safeguards, and wider coverage of the MSME “Right to Business” framework. Public-service delays will also trigger automatic escalation to higher authorities, while registration for certain professionals and low-risk activities will require fewer prior approvals and physical touchpoints.

CPRG INSIGHT

Gujarat is not only trying to make approvals faster; in some cases it is reducing the need for repeated government approval in the first place. Self-certification and risk-based checks mean routine cases can move with less official intervention, while departments can focus more attention on higher-risk cases. This is similar to the direction taken by Haryana and Delhi, but Gujarat is making the change by amending several existing laws together rather than creating only a new clearance system.

10

Telangana passes Core Urban Region (Integrated Governance) Bill, 2026

The Bill envisages combining metropolitan-level coordination with decentralized administration, ensuring that governance is effective, responsive, and citizen-centric. It will replace the Greater Hyderabad Municipal Corporation Act, 1955. A CURE Apex Governing Council would be established to maintain the strategic priorities of the region and ensure coordination among corporations, urban authorities, and departments discharging functions in CURE. It would simplify and consolidate the licensing regime, introduce the concept of night economy, ensure urban labor welfare and support economic participation of women and transgender persons. Further, it shifts the property tax assessment from the Annual Rental Value system to a Capital Value-based system under which tax will be linked to the government’s market value of property used for registration purposes.

CPRG INSIGHT

Hyderabad was reorganised into three municipal corporations earlier this year, which made coordination across the wider city more difficult. The CURE Bill creates a common layer above them for issues such as infrastructure, planning and service delivery that do not stop at municipal boundaries. It also changes how property tax is calculated: instead of estimated rent, it will be linked to property values. That could make the tax base more responsive to rising land values, while the Bill caps the transition increase at 10%.

11

Himachal Pradesh signs Kishau Multipurpose Project agreement with five partners

Himachal Pradesh signed the Kishau Multipurpose Project agreement with Uttarakhand, Uttar Pradesh, Haryana, Rajasthan and Delhi. The project will build a 232.6-metre-high dam on the Tons River along the Himachal Pradesh–Uttarakhand border, with storage capacity of 1,562 million cubic metres. It is expected to irrigate about 97,000 hectares and generate 1,476 million units of hydropower annually. The Centre will bear 90% of the water-component cost, with the remaining share divided among the participating governments.

CPRG INSIGHT

Under the 1994 Upper Yamuna agreement, the states' water shares were fixed on an interim seasonal basis because the basin lacked enough storage. Kishau is one of the projects meant to change that. By storing monsoon flows and releasing them later, it can make Yamuna allocations less dependent on when water naturally arrives. This matters because Haryana, Uttar Pradesh and Rajasthan have not been able to fully use their allotted shares under the existing system.

DIPLOMACY & EXTERNAL AFFAIRS

India & the World

12

EU Sends Landmark Free Trade Agreement (FTA) with India to Council for Sign-Off

The European Commission has forwarded its proposal to the EU Council seeking authorization to sign and conclude the EU-India Free Trade Agreement, the largest trade deal either side has ever concluded, covering a market representing roughly a quarter of the world's population and GDP. It's expected to add €58 billion in annual EU exports to India, save European exporters €4 billion a year in duties, and eliminate or reduce 90% of tariffs.

CPRG INSIGHT

The deal is as much about economic security as market access, but its long timeline is equally significant. Negotiations began in 2007, stalled in 2013, were relaunched in 2022 and were finally concluded in January 2026. The September move is not the signing itself: the European Commission has asked the Council for authorisation to sign and conclude the agreement. For India, the trade-off remains greater access to European capital, technology and markets in exchange for tariff reductions, while retaining protection in politically sensitive areas such as agriculture.

13

India and MERCOSUR Launch Talks to Widen Trade Pact, Sign Digital Trade Protocol

India and the MERCOSUR bloc have opened negotiations to expand their 2004 Preferential Trade Agreement, aiming to widen tariff coverage beyond the current 450–452 tariff lines and unlock fresh opportunities for businesses on both sides. Union Commerce Minister Piyush Goyal and Uruguay's Foreign Minister Mario Lubetkin, representing MERCOSUR's Pro Tempore Presidency, announced the move, with the Terms of Reference for the expanded pact now being finalised. Alongside this, India and MERCOSUR signed a First Additional Protocol enabling electronic Certificates of Origin with full legal validity, a step toward paperless and cheaper trade documentation once internal procedures on both sides are completed.

CPRG INSIGHT

This development is significant, as it reflects India's broader strategy to diversify trade partnerships away from overreliance on any single bloc amid ongoing global trade friction. While the proposed expansion of tariff coverage remains at a preliminary, Terms-of-Reference stage, the concurrently signed e-Certificate of Origin protocol offers immediate, tangible benefits by reducing documentation costs and processing delays. The accelerated timeline since November 2025 suggests renewed institutional priority, though the substantive outcome will depend on whether subsequent negotiations achieve meaningful tariff-line expansion rather than incremental adjustment.

REFERENCES

Sources

- 02

[PM Modi Inaugurates SEMICON 2.0](#)
- 03

[India Cements Global Vaccine Leadership](#)
- 04

[Cabinet approves higher EPFO wage ceiling](#)
- 05

[Centre introduces selective MDR framework](#)
- 06

[Kerala approves ‘Saral Keralam’](#)
- 07

[Telangana passes Praja Viswasam Bill](#)
- 08

[Madhya Pradesh State Mineral Exploration Policy,](#)
- 09

[Gujarat Ease of Doing Business Bill](#)
- 10

[Telangana passes Core Urban Region Bill](#)
- 11

[Himachal Pradesh signs Kishau Agreement](#)
- 12

[EU Sends Landmark Free Trade Agreement with India](#)
- 13

[India and MERCOSUR Talks](#)

End of Volume 14

CENTER OF POLICY RESEARCH & GOVERNANCE · © CPRG 2026

