SC reserves orders on Centre's plea to finalise OBC creamy layer policy

Krishnadas Rajagopal
NEW DELHI

The Supreme Court on Thursday reserved orders on a Union government plea seeking prospective operation of a March 11, 2026 judgment to re-assess OBC non-creamy layer status as per a 1993 Office Memorandum by excluding parental salary income and agricultural income from the income/wealth test.

A Bench of Justices P.S. Narasimha and R. Mahadevan heard an application filed by the Centre, represented by Solicitor General Tushar Mehta and Additional Solicitor General Aishwarya Bhati, which also sought a "reasonable time" of two years to undertake the necessary exercise of establishing equivalence of posts, after consulting stakeholders and formulating an appropriate and uniform policy/mechanism for determination of OBC creamy layer

status. The government said a retrospective implementation of the Supreme Court verdict would have significant consequences for recruitment, service allocation, cadre allocation, seniority, admissions and the administration of OBC reservation generally, affecting lakhs.

'Unjust consequences'

"The court has power under Article 142 of the Constitution to declare its judgment prospective. If the judgment is not given prospective effect, it will entail several harsh and unjust unintended consequences on employees/appointees who were not even parties to the litigation and complete administrative chaos. It is therefore prayed that the judgment (*Union of India versus Rohith Nathan*) be given prospective effect so that ongoing and past recruitment processes are not affected," the Centre urged the Bench.

Ms. Bhati submitted that an implementation of the March 11 judgment, particularly with retrospective effect, may affect allocation of services since 2012. Retrospective re-allocation would impact existing seniority and gradation and affect recruitments undertaken by major employers like the railways, banks, postal service and paramilitary services.

The implementation of the judgment currently would not only affect admissions in higher educational institutions but also candidates involved in ongoing examinations/ recruitment processes post the judgment. Ms. Bhati said an immediate move would have consequences on OBC reservation policy across the country.

She said the government required sufficient time for determination of a new policy to correct hostile discrimination as pointed out by the court in the judgment.

'Delaying tactics'

Senior advocate P. Wilson, who represents the candidates, objected while contending that the Centre was merely trying to delay, even undo a final judgment of the top court.

He criticised the Department of Personnel and Training (DoPT) for failing to comply with court directions, Parliamentary Committee recommendations, and its own 1993 rules. He said the government could very well create supernumerary posts to accommodate eligible OBC candidates.

T.N. claims Cauvery shortfall, Karnataka points to 'drought'

Tamil Nadu says it is suffering from a deficit of 20,000 tmc ft of river water while Karnataka says it did its best to comply with water disbursement responsibilities; T.N. claims kharif crop affected

Krishnadas Rajagopal
NEW DELHI

Both State governments concurred that Cauvery water was a 'very sensitive' issue. FILE PHOTO

The Supreme Court on Thursday sought Karnataka's response to a plea by Tamil Nadu that it is suffering from a shortfall of 20 thousand million cubic feet of Cauvery river water.

Karnataka, in turn, submitted in the top court that it was facing a "terrible drought situation" and has complied, to the best, its responsibilities towards Tamil Nadu as an upper riparian State.

Appearing before a Bench headed by Justice Vikram Nath, both State governments concurred on the point that the Cauvery water was a "very sensitive" issue for them.

"Karnataka is usurping all the water, depriving us of our own," senior advocate C.S. Vaidyanathan submitted for Tamil Nadu.

Senior advocate Shyam Divan, for Karnataka, said entire districts in the State have been declared as drought-prone. "Yet, we have taken it on the chin and done our best to comply," he submitted.

The court gave Karnataka a week to file its response while scheduling the next hearing on October 12. Mr. Vaidyanathan, accompanied by senior advocate G. Umapathy, complained that both the Cauvery Water Regulation Committee (CWRC) and the Cauvery Water Management Authority (CWMA) have not addressed the deficit of Cauvery water due to Tamil Nadu from Karnataka.

Will appeal CWRC order: CM

CHITRADURGA

The Cauvery Water Regulation Committee (CWRC) on Thursday recommended that Karnataka ensure a flow of 4,000 cusecs of water to Tamil Nadu for 15 days. "We will file an appeal...", Chief Minister D.K. Shivakumar said.

'Make in India' of 12 years shows patchy performance

Analysis of metrics shows manufacturing sector has not been able to materially increase its share in economic growth, employment, or global exports; incentive gains confined to some sectors

TCA Sharad Raghavan
NEW DELHI

Twelve years on from the launch of the Make in India campaign on September 25, 2014, a look at 12 metrics spanning growth, investment, employment, and exports shows India's manufacturing sector has not been able to materially increase its share in India's economic growth, employment, or global exports.

While recent incentive schemes by the government have seen some success, those gains are limited to a handful of sectors.

The manufacturing sector has grown faster than the overall economy in only half of the 12 years under consideration, based on the old series. Under the new series, it has outpaced overall growth in all three years (2023-24 to 2025-26) for which data is available, but that gap is shrinking fast. The Index of Industrial Production (IIP) data, which comes out once a month, is more stark.

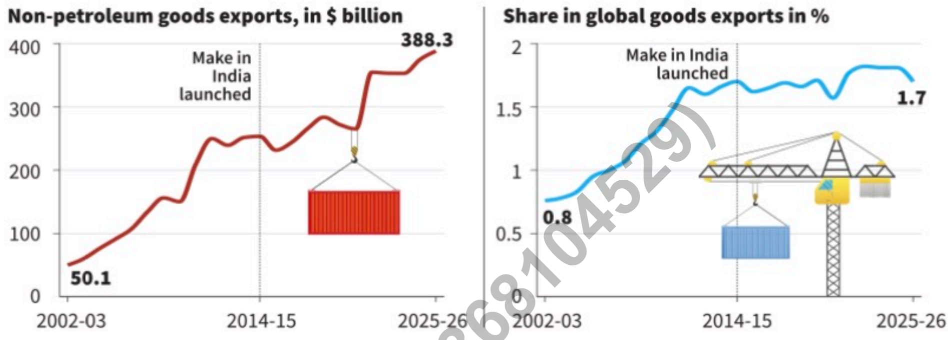
The manufacturing sector within the IIP outpaced the overall index's growth in only three out of the 12 years, as per the old series of the index.

The new series shows the manufacturing sector's growth was the same as that of the overall index in 2023-24, but was slower in the next two years.

As far as the composition of the economy goes, the older series of Gross Value Added (GVA) data shows the manufacturing sector's share in overall GVA is lower in 2025-26 than it was when Make in India was launched in 2014. The new series shows that the sector's share has increased marginally from 14.6% in 2022-23 to 15.6% in 2025-26.

Low impact

Export growth has followed the same trajectory before and after Make in India while India's share in global goods exports has flattened since 2014



Source: Ministry of Commerce and Industry, UNCTAD

India saw the value of its non-petroleum goods exports grow 53% to $388.3 billion in 2025-26 from $253.5 billion the year the Make in India campaign was launched.

However, the data also shows that non-petroleum goods exports grew more than 400% over the 12 years before this, albeit on a much smaller base.

However, the base effect only accounts for some of this growth disparity. Data from UNCTAD shows India's share in global merchandise exports grew from around 0.8% in 2002 to 1.7% in 2013, where it remained even in 2025-26.

The gross fixed capital formation (GFCF) by the private sector – a measure of its spending on real asset creation – formed a lower share of GDP in 2023-24, the latest year for which the old series has data, than it did in 2014-15. The new series, too, shows that GFCF as a percentage of GDP has been falling since 2022-23.

The growth of foreign direct investment (FDI) to the manufacturing sector has been slower than the growth in overall FDI in 7 of the 12 years under consideration. Its share in overall FDI grew from nearly 48% in 2014-15 to 55% in 2025-26. The RBI's data on capacity utilisation, a measure of how intensively factories are being used, shows this metric has been slowly increasing over the last few years, but is still below the 80% mark that is considered the limit after which companies invest to create new capacity.

The RBI's data further shows that bank credit to industry has been growing strong over the last few years, especially led by credit to micro, small, and medium enterprises. However, experts have pointed out that, in the absence of sustained rapid growth in output, this suggests that the loans are being taken to provide working capital rather than for fresh investments.

The government's Production-Linked Incentive schemes have yielded some results. Launched across 2020 and 2021, the 14 schemes have resulted in a cumulative investment of ₹2.4 lakh crore as of March 2026. However, the data also shows that this performance is highly concentrated. The top five sectors – solar modules, pharmaceuticals drugs, automobiles and their components, specialty steel, and large scale electronics manufacturing – together account for nearly 83% of all the investment under these schemes.

Iran threatens to expand war to Indian Ocean if U.S. attacks again

This is the first time a senior adviser to Mojtaba has explicitly threatened that the war could expand beyond Persian Gulf; Indian Ocean hosts U.S.-British base at Diego Garcia, nearly 4,000 km from Iran; U.S. 'D-Day' sanctions hit Iranian airlines

Agence France-Presse
TEHRAN

An adviser to Iran's Supreme Leader Mojtaba Khamenei warned on Thursday that Tehran may expand the West Asia war to the Indian Ocean if the U.S. attacks again.

"Since the conflict has spread from the Persian Gulf and Strait of Hormuz to the Red Sea, it is possible that, in response to more war, the front will expand even further, reaching the Indian Ocean and perhaps beyond," said Yahya Rahim Safavi in a video released by Iran's *Fars* news agency.

Mementoes and messages written alongside photos of Mojtaba Khamenei and Ali Khamenei on a barricade in Tehran. AP

Yemen's Houthis, fighting Saudi-backed government forces, recently took control of the Red Sea coastline, tightening their grip on the strategic Bab el-Mandeb Strait, which links Asia to Europe via the Suez Canal. Iran has long provided military support to the Houthis but denies any involvement in the Yemen conflict. The Islamic republic has also locked down the Strait of Hormuz off the Iranian coast, in retaliation for U.S.-Israeli strikes that triggered the West Asia war at the end of February.

Iran and the United States are now vying for control of Hormuz, through which much of the world's oil and gas passed before the war.

Iranian officials had already threatened to expand the geographic scope of the conflict if U.S. strikes resume.

But Thursday's warning is the first time an adviser to Iran's Supreme Leader explicitly mentioned the Indian Ocean, home to a strategic U.S.-British military base at Diego Garcia, nearly 4,000 km from Iran.

Meanwhile, Iranian flights to Gulf neighbours including travel hub Dubai appeared to have been cancelled on Thursday after a U.S. deadline passed for global firms to halt work with Iran's airlines, a major step in a campaign U.S. President Donald Trump calls "economic D-Day".

The U.S. Treasury had set September 23 as the deadline for companies worldwide to comply with an order to stop doing business with Iranian airlines.

Iran threatened to retaliate against any neighbouring countries that comply with the U.S. ban on its flights, by making their airports "unusable".

Attacking Iran was 'one of the easiest decisions' ever made, says Netanyahu

Associated Press
NEW YORK

Israeli Prime Minister Benjamin Netanyahu told world leaders on Thursday that attacking Iran "was one of the easiest decisions I've ever had to make" and denounced as "moral cowards" a mass of delegates who walked out of the UN General Assembly when he took the podium to speak.

Delegates walk out of the General Assembly hall as Israeli PM Benjamin Netanyahu arrives to speak at UN headquarters. REUTERS

"In defending itself, Israel is also also defending many of the countries whose delegates just left this hall," Mr. Netanyahu said. "In fact, I want you to know that many of their leaders even thank us privately for taking out Iran's nukes."

When Mr. Netanyahu walked to the rostrum, a mix of cheers, boos and mass walkouts erupted. Scores of delegates trooped out and a majority of seats sat empty afterward. "Order in the hall, please," General Assembly President Khalilur Rahman said repeatedly.

"If there are any other moral cowards who have not yet left the hall, please do so now," Mr. Netanyahu said.

The Palestinian Mission to the UN said in a message to many of the 193 UN member nations to bring as many staff as possible to the assembly hall and "collectively walk out of the assembly" once the Israeli Prime Minister is announced.

US hits Iran with new sanctions; Saudi downs Houthi missiles

Iran flights halted as US deadline on airlines expires

Reuters
Dubai, Riyadh, September 24

IRANIAN FLIGHTS to Gulf neighbours including travel hub Dubai appeared to have been cancelled on Thursday after a US deadline passed for global firms to halt work with Iran's airlines, a major step in a campaign President Donald Trump calls "economic D-Day".

In Saudi Arabia, where an escalating conflict with Yemen's Iran-aligned Houthi fighters this month has become the main front in the wider West Asia war, authorities said they had intercepted six ballistic missiles fired by the Houthis.

Trump referred to the new strategy last month as""economic D-Day", comparing it to the assault on Nazi-controlled France in World War Two by the United States and its allies.

The US Treasury had set September 23 as the deadline for companies worldwide to

A billboard depicts the Strait of Hormuz in Tehran on Thursday.

comply with an order to stop doing business with Iranian airlines. Washington says the aim is to ground the entire global Iranian civilian fleet.

Iran threatened on Wednesday to retaliate against any neighbouring countries that comply with the US ban on its flights, by making their airports "unusable". There were no immediate public announcements from countries that they were halting flights, but Iran's *ISNA* news agency said all flights to the United Arab Emirates, the Gulf's biggest travel hub, had been halted as of midnight.

Meanwhile, Saudi Arabia said it had intercepted six Houthi ballistic missiles on Thursday, after issuing emergency alerts for areas including the holy city of Mecca, Jeddah and Yanbu, the main Saudi Red Sea oil port. "Any escalation and violations by the terrorist Houthi militia will be dealt with firmly," a Saudi-led coalition fighting the Houthis in Yemen said.

Sources in the internationally recognised, Saudi-backed Yemeni government said their forces had repelled overnight Houthi attacks on a key supply route to Aden, the Indian Ocean port city where the government is based.

The Houthis, who already controlled the north including the capital Sanaa, seized Yemen's entire Red Sea coast this month and have been pushing into adjacent highlands near the central mountain city of Taiz and road from Aden.

The Houthis have kept up pressure on government forces holding a steep winding mountain pass known as Hejat al-Abd, a lifeline for hemmed in pro-government forces, and for goods entering Taiz.

Seizing parts of the Taiz-Aden road could allow the Houthis to tighten their grip around Taiz and deal another blow to the government.

At UN, Zelenskyy urges leaders to choke Russia, impede its war efforts

Associated Press
United Nations, September 24

UKRAINIAN PRESIDENT Volodymyr Zelenskyy told world leaders Wednesday Vladimir Putin is the only obstacle to ending "the ridiculous and never-ending war," and urged nations large and small to pressure the Russian president for peace by choking the country's revenues and impeding its war efforts.

"Our target is Russia's ability to finance this war, to drag it out, to make it more brutal and more destructive," Zelenskyy told the UN General Assembly's annual gathering. "Russia's finances and Russia's production are what must be stopped if Putin is to be stopped."

When Russia gets money from trade, "it always says no to diplomacy," Zelenskyy argued, "so Russia's revenues must remain a target."

Earlier Wednesday, Russian Foreign Minister Sergey Lavrov clashed with Ukrainian Foreign Minister Andrii Sybiha and his country's European supporters at a UN Security Council meeting, and Lavrov and US Secretary of State Marco Rubio met on the assembly sidelines and discussed the war.

Zelenskyy cast doubt on Russia's interest in ending the fighting. "Something always seems to stop Putin from saying, 'That's it. Enough. Peace,'" Zelenskyy said. "Can you even imagine him without war? He is 'patient zero', the one from whom this idea of war keeps spreading further."

"The more freedom Putin has to act, the more dangerous the world becomes for everyone else," Zelenskyy said.

Russian strikes kill 8 in Kyiv, damage maternity clinic

Kyiv: Russian drone and missile strikes on Ukraine's capital Kyiv and its northeast killed eight people on Thursday in attacks that included a maternity hospital and a farm, officials said.

Two people died in the latest assault on Kyiv, according to President Volodymyr Zelenskyy, who was in New York for UN General Assembly. **REUTERS**

Fear of shift to cash due to merchant fee on UPI '100% misplaced': Govt sources

Siddharth Upasani
New Delhi, September 24

FEARS OF the public shifting to cash because of the merchant fee on UPI transactions of more than Rs 2,000 are "100% misplaced", government sources said on Thursday, arguing that a Merchant Discount Rate (MDR) already exists on credit and debit cards other than RuPay debit cards and "no one is giving them up". "How long can someone provide a service for free? We would be killing our golden goose!" an official said, requesting anonymity.

"Merchants have always absorbed the MDR on credit cards. But people are still getting Visa, Mastercard, and Amex cards. Why is it that suddenly UPI, an indigenous product that has done so well, is something that merchants can't pay for when they are paying for all other methods?"

The merchant fee on debit and credit cards is significantly higher than what has been proposed on UPI and is broadly in the range of 1-3%.

On the subject of a Goods and Services Tax (GST) of 18% applying on the MDR on person-to-merchant UPI payments, the official said it was hoped that the GST Council "will take a favourable view and be reasonable".

The GST Council is scheduled to meet on October 7. The merchant fee on person-to-merchant UPI transactions of more than Rs 2,000 will begin from October 15. The GST Council is not expected to discuss the indirect tax rate on MDR.

The National Payments Corporation of India's (NPCI) decision that a 0.4% fee will apply on merchants on UPI payments of over Rs 2,000 has led to concerns that shopkeepers will stop accepting UPI as a mode of payment. Consumers, meanwhile, think sellers will pass on the fee to them and increase prices.

Only 4% of person-to-merchant UPI transactions are for more than Rs 2,000 and will attract a merchant fee. However, this small number of payments account for two-thirds of person-to-merchant UPI payments when they are measured in value terms. All person-to-person UPI payments will remain without any MDR. Payments made via RuPay debit cards, even those of more than Rs 2,000, will attract no MDR.

Authorities have repeatedly said they will look to ensure that merchants don't pass on the fee to consumers, with sources saying on Thursday that the government is willing to talk with the Indian Banks' Association (IBA) to set up a mechanism through which it can be monitored if shopkeepers are passing on the MDR to buyers.

Sources also said the government will speak to traders, including the Confederation of All India Traders (CAIT), about the issue.

The MDR, which is paid by sellers, is to be split between payments industry players, which includes banks, payment gateways, UPI apps, and other service providers. **FULL REPORT ON WWW.INDIANEXPRESS.COM**

75% of merchants insulated from fee on UPI: NPCI CEO

Mumbai: Around three-fourths of India's merchants accepting digital payments have never recorded a UPI transaction of more than Rs 2,000. As a result, they will remain insulated from the newly introduced MDR, NPCI managing director and chief executive officer Dilip Asbe said on Thursday.

Speaking at the SBI Banking and Economics Conclave, Asbe said the objective of introducing MDR was not to fully recover the cost of running UPI, but to generate enough revenue for banks and payment companies to continue investing in the ecosystem.

"While we cannot fully recover the cost, at least reasonably recover, so that it kind of incentivises market players to reinvest back and grow UPI," Asbe said. **FE**