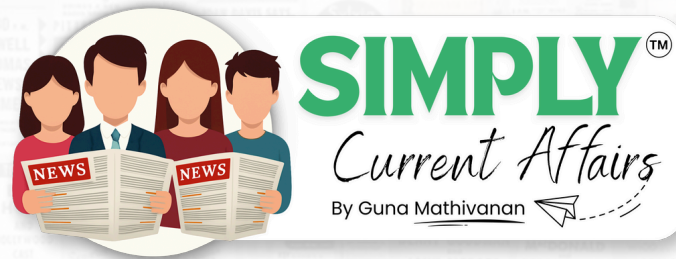


For UPSC CSE

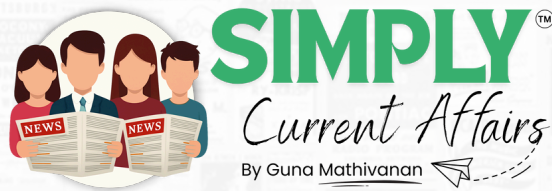


# MONTHLY CURRENT AFFAIRS MAGAZINE



November 2025 (Mains)

YOUR SIMPLIFIED GUIDE TO CURRENT AFFAIRS



## A Note to Our Readers

Dear Readers,

Welcome to **Simply Current Affairs Magazine** – your **trusted companion** in the ever-evolving journey of UPSC preparation. With UPSC preparation becoming more dynamic each year, the need for a **clear, exam-focused resource** is greater than ever. Our magazine has been designed with this very purpose – to **give you clarity from complexity**.

Each month, we present **two focused editions** – one dedicated **exclusively to Prelims** and the other exclusively to Mains. The content for the Mains Magazine is carefully curated from authentic and diverse sources such as **The Hindu, Indian Express, Business Standard, Economic Times, Economic and Political Weekly, Down To Earth, Press Information Bureau & lot more ensuring coverage that is both relevant and reliable**.

What makes this magazine stand apart is the **integration of Previous Year Questions (PYQs)** and model questions for each topic for your practice.

Our goal is simple – to provide a **concise, self-preparation-friendly comprehensive resource** that empowers aspirants, particularly those preparing independently, to **approach current affairs with confidence and clarity**.

We hope this magazine serves you well in your preparation journey.

With best wishes,  
Team Simply Current Affairs





## OUR COURSES



**STARTS ON**  
**30-11-2025**

# 75x75 Batch-2 A COMPREHENSIVE CURRENT AFFAIRS COURSE

For UPSC CSE PRELIMS 2026

### Key Features

- 1000+ crucial current affairs topics from May 2025 to April 2026 in 75 days.
- Practice Multiple Choice Questions (MCQs) after every class
- Previous Year Question linkage with Current Affairs Topics
- Exclusive coverage of Economic Survey 2025-26 and Budget 2026
- Static linkage with current affairs
- Mapping Related Areas and Places in the News in every class
- Get your doubts cleared directly with Mr. Guna Mathivanan

Mode : Online

Fees : ₹ 5,250/-



To Enroll Visit Website  
[www.simplycurrentaffairs.com](http://www.simplycurrentaffairs.com)

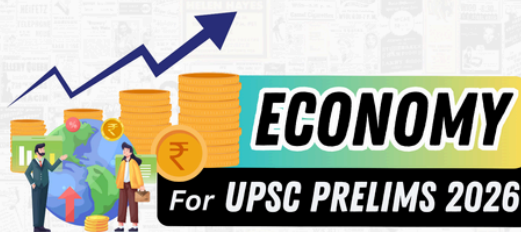


For Free Learning,  
Visit Our Telegram Channel  
<https://t.me/GUNAMATHIVANAN>

**Mr. Guna Mathivanan,**  
Founder-Director, Simply Current Affairs



**LIMITED SEATS**  
**Enroll Now!**



### Course Highlights

- Complete Static Economy Syllabus covering all essential chapters
- NCERT Foundation – Class 9–12 Economy explained
- 1 Year Economy Current Affairs (relevant for Prelims 2026)
- Exclusive sessions on Economic Survey 2025–26 & Union Budget 2026
- 4 Full-Length Economy Tests + Detailed Discussions
- PYQ Sessions – Last 15 years' Economy questions decoded

**40+ Power-Packed Classes**

Validity: Till Prelims 2026

Mode : Online

Fees : ₹ 4,250/-



To Enroll Visit Website  
[www.simplycurrentaffairs.com](http://www.simplycurrentaffairs.com)



For Free Learning,  
Visit Our Telegram Channel  
<https://t.me/GUNAMATHIVANAN>

**Mr. Guna Mathivanan,**  
Founder-Director, Simply Current Affairs



**SIMPLY**  
Current Affairs  
By Guna Mathivanan



**STARTS ON**  
**28-01-2026**



## Current Affairs & Linked Static

TEST SERIES

(For UPSC Prelims 2026)

“One of its kind program covering Current Affairs + Linked Static through weekly tests for complete UPSC Prelims readiness.”

**Course Highlights**

- Coverage: May 2025 – April 2026 (Current Affairs + Linked Static) through weekly tests for consistent practice & progressive learning
- Exclusive Test on Economic Survey & Union Budget
- 15 Tests in Total with detailed discussion by Mr.Guna Mathivanan → 12 Sectional + 2 Revision + 1 Full-Length

Mode : Online

Fees : ₹ 2,950/-



To Enroll Visit Website  
[www.simplycurrentaffairs.com](http://www.simplycurrentaffairs.com)



For Free Learning,  
Visit Our Telegram Channel  
<https://t.me/GUNAMATHIVANAN>



**Mr.Guna Mathivanan,**  
Founder-Director, Simply Current Affairs

Dear All,

You can enroll in our courses, access resources, and track your preparation journey seamlessly.

via our portal [www.simplycurrentaffairs.com](http://www.simplycurrentaffairs.com)

**Stay connected with us across platforms for our free initiatives:**

- YouTube** – Economics Explained, Current Affairs Hit List series and Science Through PYQs series.
- Instagram** – Map Pointers, Current Affairs In-shorts, and Species in Spotlight.
- Telegram** – PYQ Theme-based guidance along with Test Series for both General Studies & CSAT and other exclusive value-addition resources.

We look forward to your continued support.

**Team Simply Current Affairs**

<p><b>To Enroll Visit Website</b> <a href="http://www.simplycurrentaffairs.com">www.simplycurrentaffairs.com</a></p>  <p style="font-size: small;">Click to visit Website</p>	<p>Follow Us on</p>  <p><b>YouTube</b></p>  <p style="font-size: small;">Click to visit YouTube Channel</p>	<p>Follow Us on</p>  <p><b>Instagram</b></p>  <p style="font-size: small;">Click to visit Instagram</p>
--	---	---



## TABLE OF CONTENTS

<b>GS-1</b> .....	<b>2</b>
1) POSH ACT: A FLAWED SHIELD AGAINST HARASSMENT .....	2
<b>GS-2</b> .....	<b>4</b>
1) INDIA'S NUMERACY GAP: CHALLENGES AND SOLUTIONS .....	4
2) INDIA AND AFRICA: A DECADE OF PROGRESS AND A ROADMAP FOR THE FUTURE .....	5
3) THE END OF THE NUCLEAR PAUSE? .....	7
4) THE VISION OF MODEL YOUTH GRAM SABHA .....	8
<b>GS-3</b> .....	<b>10</b>
1) INDIA'S IT SECTOR AT A CROSSROADS .....	10
2) INDIA'S CLEAN ENERGY PARADOX .....	11
3) HOUSEHOLD INCOME SURVEY 2026 .....	12
4) WHY INDIA NEEDS A NEW WELFARE MODEL .....	14
5) INDIA'S NEW LABOUR POLICY: SHRAM SHAKTI NITI 2025 .....	15
6) SMART PROTEINS AND FUNCTIONAL FOODS .....	16
7) URGENT UPDATE: ON THE INDIA'S CONSUMER PRICE INDEX .....	18
8) INDIA'S INFLATION TARGET .....	19
9) DELHI'S AIR CRISIS .....	20
10) INDIA'S FOOD POLICY PARADOX .....	22
11) CAN THE WORLD QUIT COAL? .....	23
12) INDIA'S FISHERIES SECTOR: GROWTH, CHALLENGES, AND FUTURE .....	25
13) INDIA'S GROUNDWATER CRISIS .....	26
14) LET'S NOT FIGHT RUPEE DEPRECIATION .....	28
15) US FED RATES & IMPACTS ON INDIA .....	29
<b>RELATED PYQS</b> .....	<b>31</b>
<b>PRACTICE QUESTIONS</b> .....	<b>32</b>



# GS-1

## 1) POSH Act: A Flawed Shield Against Harassment

**Syllabus: GS I: Role of Women and Women's Organization, Population and Associated Issues, Poverty and Developmental issues, Urbanization, their problems and their remedies.**

### Context

- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, commonly known as the POSH Act, was enacted to prevent and **prohibit sexual harassment of women at the workplace, and to establish a structured mechanism for redressal through Internal Complaints Committees (ICCs).**
- The law applies to **both organised and unorganised sectors.** However, despite its good intentions, the Act contains **several conceptual and procedural shortcomings** that limit its effectiveness.

### Inadequate Concept of "Consent"

- The Act **relies on the notion of "consent" but does not distinguish it from "informed consent."** Consent obtained through **manipulation, emotional coercion, or concealment of critical information**—common in hierarchical relationships such as teacher and student—is not genuine consent.
- When victims later realise the extent of this manipulation, the initial consent becomes void, often leaving them feeling violated.
- The current legal framework, however, **fails to consider such psychological exploitation, thereby allowing perpetrators to operate within a legal grey area.**

### Restrictive Time Limit for Complaints

- The Act **mandates that complaints be filed within three months of the incident.**
- Survivors of manipulation or prolonged emotional control often take longer to process their experiences and find the courage to report.
- Especially in academic environments, where victims remain under the same authority for years, patterns of abuse may only emerge over time.
- The short limitation period thus **discourages complaints and inadvertently shields offenders.**

### Diluted Terminology

- Under the Act, the **alleged harasser is referred to as a "respondent" rather than an "accused."** This terminology **softens the gravity of the offense.**
- Acts that would be treated as criminal outside the workplace appear less serious within it, simply due to linguistic dilution.
- Recognising the alleged offender as an "accused" would reinforce the severity of workplace harassment as a punishable act.

### Vague Definitions and Evidentiary Challenges

- The Act's **definitions remain ambiguous, placing an undue burden of proof on the complainant.**
- Since harassment is often a **pattern of subtle behaviour rather than a single, documented act,** ICCs frequently dismiss cases for lack of direct evidence.
- The system could be strengthened by allowing anonymous feedback, corroborative testimony, and behavioural assessments to support investigations.





### Lack of Inter-Institutional Redressal

- The Act offers **no guidance for cases that span multiple institutions**. In academia, for example, visiting faculty or conference interactions create opportunities for misconduct beyond institutional boundaries.
- Without a mechanism to link complaints across institutions, habitual offenders can exploit loopholes and escape accountability.

### Fear of “Malicious Complaint” Charges

- Although designed to prevent misuse, the provision **allowing action against complainants for “malicious or false” complaints often deters genuine victims**.
- The fear of being penalized for an unproven allegation, especially when evidence is hard to establish, discourages reporting and undermines the law’s spirit.

### Inadequate Handling of Digital Harassment

- The Act has **not evolved to address harassment in the digital sphere**.
- Modern misconduct may occur through disappearing messages, encrypted chats, or online interactions.
- Given that ICC members often lack technical expertise, they struggle to interpret digital evidence—creating another layer of protection for offenders.

### Way Forward

- To make the POSH Act more effective, several reforms are essential:
  - **Redefine key terms**, particularly “consent,” and adopt stronger language such as “accused.”
  - **Extend the limitation period** beyond three months.
  - **Include emotional, psychological, and digital forms of harassment explicitly**.
  - **Strengthen investigative mechanisms** by training ICCs to handle digital evidence and identify behavioural patterns.

### Conclusion

- Ultimately, justice under the POSH framework should not rely on the resilience of the survivor or the discretion of committee members, but on fair and reliable legal processes. Without such reform, the promise of the POSH Act will remain unfulfilled for many.



## GS-2

### 1) India's Numeracy Gap: Challenges and Solutions

**Syllabus: GS II: Issues Relating to Development and Management of Social Sector/Services relating to Health, Education, Human Resources.**

#### Context

- While India has made progress in Foundational Literacy and Numeracy (FLN) through the NIPUN Bharat Mission, a significant and worrying "numeracy gap" persists. Numeracy levels are consistently lower than literacy levels across all states. This gap has severe consequences, leading to high failure rates in board exams and school dropout.

#### Numeracy Gap

- Evidence: ASER 2024 report highlights the gap:**
  - Literacy: 48.7% of Grade 5 students can read fluently.
  - Numeracy: Only 30.7% of Grade 5 students can solve a basic division problem.
  - This creates an 18 percentage point gap, with no state performing better in numeracy than in literacy.
- Consequence: This gap is not just an academic issue. It has real-world impacts:**
  - Struggle in Higher Classes:** Students struggle with math and science, which have the highest failure rates in board exams.
  - School Dropouts:** Many adolescents drop out before or during secondary school not due to a lack of access or interest, but because persistent learning gaps make classroom instruction "incomprehensible."
  - Closed Doors:** Failure in Class 10 board exams or dropping out earlier blocks access to higher education and better employment opportunities.

#### Root Causes of the Numeracy Problem

There are two primary, interconnected causes:

##### 1. The Cumulative Nature of Mathematics:

- Unlike language, where partial understanding still allows for some progress, math is hierarchical. Each concept builds directly on previous ones.
- A single missed concept in early grades (e.g., place value) can make future concepts (e.g., addition, decimals) impossible to understand.
- Once a learning gap forms, it tends to widen over time, creating a snowball effect.

##### 2. Ineffective Teaching Methods:

- Syllabus-Driven Teaching:** The traditional method of "completing the syllabus" forces teachers to move forward regardless of whether students have grasped foundational concepts. This bypasses most learners.
- Disconnect from Real Life:**
  - Students who can solve math problems in class often can't apply that knowledge in real-life situations (like a market).
  - Conversely, children who are skilled at math in real-world contexts (like working in a shop) struggle to transfer those skills to formal classroom problems.

#### Multi-Pronged Solution

Four-part strategy to address the crisis:

##### 1. Extend FLN Interventions to Middle School (Up to Class 8):

- Limiting focused interventions to Class 3 is inadequate. Data shows 70% of Class 5 and over 50% of Class 8 students cannot perform basic division. The COVID-19 pandemic has exacerbated these gaps.





- Evidence: In Dadra and Nagar Haveli and Daman and Diu shows that extending FLN interventions to middle grades led to significant improvement, as confirmed by the Parakh Rashtriya Survekshan 2024.

## 2. Introduce "FLN+ Skills":

- Moving beyond just "foundational" skills to include higher-order concepts critical for board exams and academic success, such as fractions, decimals, percentages, ratios, and integers.
- The inability to do division (as shown by ASER) implies an inability to handle these more complex skills, creating a ceiling on learning.

## 3. Evolve Pedagogy (Teaching Methods):

- The successful, child-friendly, and activity-based methods used for FLN in early grades should be adapted and extended to teach FLN+ concepts in middle school.
- Instruction must be aligned with a child's actual learning level (as in the "Teaching at the Right Level" approach) rather than a rigid, grade-level syllabus.

## 4. Integrate Learning with Real-Life Application:

- To bridge the "two-way disconnect," schools must embed literacy and numeracy in real-life contexts.
- By using everyday problem-solving (e.g., calculating discounts, measuring ingredients, understanding data), learning becomes more relevant, meaningful, and enduring.

## Conclusion

- Addressing the numeracy gap is not just an academic exercise but a social and economic imperative. The NIPUN Bharat Mission has already shown that foundational skills can improve at scale with focused effort. The logical next step is to:
  1. **Build on these early gains.**
  2. **Extend targeted support to upper primary levels (up to Class 8).**
  3. **Deepen the focus to include FLN+ skills.**
- Failing to do so threatens India's broader educational goals and the future employability and equity for millions of its citizens.

## 2) India and Africa: A Decade of Progress and a Roadmap for the Future

**Syllabus: GS II: Bilateral, Regional and Global Groupings and Agreements involving India and/or affecting India's interests.**

### Context

- It has been ten years since the last major India-Africa summit. In that time, the relationship has deepened and evolved significantly. However, to sustain this momentum and compete globally, India needs to write the "next chapter" of this partnership by moving from promises to concrete, collaborative projects, particularly in future-oriented sectors.

### The Story So Far: Progress Since 2015

1. **Deeper Diplomatic Presence:** India has opened 17 new missions across Africa, strengthening its diplomatic network.
2. **Strong Economic Ties:**
  - Trade has crossed \$100 billion.
  - Cumulative Indian investments in Africa have reached \$75 billion.
3. **Global Partnership:** India has been a key supporter of Africa's voice on the world stage, notably helping the African Union gain full membership in the G-20.
4. **Security Cooperation:** The first-ever Africa-India Key Maritime Engagement (AIKEYME) naval exercise in 2025 marks the start of a security partnership based on shared Indian Ocean geography.



5. **Education & Knowledge Sharing:** This is a trusted pillar. The new IIT Madras campus in Zanzibar is a flagship example, building on long-standing programs that have trained thousands of Africans.
6. **The "Build Together" Model:** The relationship has evolved from simple aid to a collaborative model, focusing on building infrastructure and local capacity together (e.g., in ports, power, and vaccine production).

### Current Challenges & Opportunities

Despite progress, there are hurdles:

- **China's Shadow:** India's trade with Africa, while growing, still lags behind China's.
- **Operational Hurdles:** Indian companies sometimes struggle with smaller financial resources and bureaucratic delays.
- **A New, Assertive Africa:** Africa is creating a single market through the African Continental Free Trade Area (AfCFTA), and it expects partnerships on its own terms.
- The big opportunity lies in the future: by 2050, Africa will be home to a quarter of the world's population, and India will be the third-largest economy. Together, they can form a powerful growth corridor.

### "Human Link"

- India's most powerful connection to Africa is not trade, but people.
- Nearly 40,000 Africans have studied or trained in India over the past decade. These individuals have returned home to become leaders, creating a network of **"living bridges" of trust**.
- This exchange is a two-way street, with African athletes, students, and entrepreneurs becoming a visible part of Indian society.

### Roadmap for the Future

1. **Connect Finance to Real Outcomes:**
  - Ensure that lines of credit lead to tangible, visible projects.
  - Use public finance to de-risk and attract private investment, not replace it.
2. **Build an India-Africa Digital Corridor:**
  - Leverage India's digital expertise (like UPI and India Stack) and combine it with Africa's own innovations.
  - Co-develop platforms for health, education, and payments tailored for the Global South.
3. **Revive the Institutional Backbone:**
  - The most critical step: Hold another India-Africa Forum Summit (IAFS).
  - It has been a decade since the last one, and a high-level summit is essential to generate diplomatic energy and set a fresh, collective agenda.

### Conclusion

- The relationship has moved beyond the old model of merchants trading spices and gold. Today, India and Africa are "exchanging confidence, capacity, ideas, and connecting futures."
- The final call to action is powerful: A decade ago, India extended a hand to Africa. Now, it is time to join hands and build together.





### 3) The End of the Nuclear Pause?

**Syllabus: GS II: Effect of Policies and Politics of Developed and Developing Countries on India's interests, Indian Diaspora.**

#### Background:

- Since 1945, global security has relied on a fragile balance of nuclear terror, mainly between the United States and Russia.
- The **nine nuclear-armed states** (U.S., Russia, the United Kingdom, France, China, India, Pakistan, Israel and North Korea) now possess a combined arsenal of around 12000+ warheads, a number that has decreased from Cold War peaks due to pivotal arms control treaties like SALT I, SALT II, INF Treaty, New START.
- The future of this framework is uncertain with the expiration of New START in 2026 and the collapse of the INF Treaty.
- While the total number of warheads is declining, **all nuclear-armed states are modernizing their forces**, leading to a qualitative—if not purely quantitative—arms race.
- In this dangerous new environment, the United States is considering a step it hasn't taken in over 30 years: restarting nuclear bomb tests.
- This decision could shatter the global understanding against testing and trigger a new and unpredictable nuclear arms race, making the world a much more unstable place.

#### United States & Resumption of Nuclear Testing

- The **United States** has announced the resumption of nuclear weapons testing after a 33-year moratorium, marking a significant shift in global nuclear policy.
- This decision follows **Russia's** nuclear-capable cruise missile test and coincides with President Trump's meeting with **China's** President Xi Jinping, intensifying the fragile international security environment.
- The move risks inciting a new nuclear arms race, particularly involving the US, China, and Russia, potentially eroding decades of nuclear arms control agreements.

#### Impact on Global Nuclear Arms Control

- The resumption **threatens key international treaties and frameworks** like the Comprehensive Nuclear-Test-Ban Treaty (CTBT) and the Treaty on the Non-Proliferation of Nuclear Weapons (NPT).
- The **CTBT moratorium**, which has been tacitly observed by most nuclear powers, **may collapse**, leading to other nations also conducting tests.
- This **undermines global non-proliferation efforts** and weakens the "grand bargain" of the NPT, where nuclear states commit to disarmament and non-nuclear states refrain from acquiring nuclear weapons.
- The impending expiration of the New START Treaty in 2026 further complicates future arms control negotiations.

#### Shift in Global Power Dynamics

- Strategically, the resumption of testing **alters the power dynamics** primarily between the US, China, and Russia.
- It could encourage the **development of more advanced nuclear weapons** and push countries like India and Pakistan toward renewed testing, destabilizing regional security in South Asia.
- The move also raises doubts among US allies about the reliability of US extended deterrence.

#### Environmental Concerns

- Nuclear testing poses severe risks of radioactive contamination and long-term environmental harm, affecting regions well beyond test sites.



### Call for Renewed Global Dialogue

- There is an urgent need for renewed global dialogue to strengthen nuclear non-proliferation and disarmament regimes.
- Calls include a binding global no-first-use commitment, trilateral arms control talks among the US, Russia, and China, and reaffirmation of the NPT's principles to prevent a dangerous escalation in nuclear proliferation and arms races.

### Conclusion

- To prevent a cascading arms race and the irreversible erosion of the non-proliferation regime, the international community must prioritize urgent diplomatic engagement. Reinforcing existing treaties and fostering inclusive arms control dialogue is not merely a diplomatic preference, but a critical necessity for preserving global strategic stability.

## 4) The Vision of Model Youth Gram Sabha

**Syllabus: GS II: Government Policies and Interventions for Development in various sectors and Issues arising out of their Design and Implementation**

### What is a Gram Sabha?

- The Gram Sabha is a village assembly, a fundamental part of Indian democracy, just like the Lok Sabha (Parliament) or Vidhan Sabha (State Assembly).
- **Article 243A of the Constitution**, introduced by the **73rd Amendment Act of 1992**, defines the **Gram Sabha as the foundation of the Panchayati Raj system**.
- It is the cornerstone of grassroots democracy, where every registered voter in a village can participate directly.
- Its main job is to discuss and decide on village matters like budgets, development plans, and what the village needs most.
- It is meant to be direct, participatory, and accountable, making democracy real for ordinary people.

### Problem: Why Don't People Aspire to Join Gram Sabhas?

- **Lack of Awareness:** Most people, especially the youth, don't know much about the Gram Sabha. They dream of being in Parliament but not of leading a village as a Sarpanch (village head).
- **Missing from Education:** School lessons teach about the Lok Sabha and even global models like the United Nations, but they ignore the Panchayati Raj system (the local government system that includes the Gram Sabha).
- **Seems Boring & Distant:** Because it's not taught in an exciting way, the Gram Sabha feels like a dull, administrative concept instead of a lively democratic experience.

### Solution: The Model Youth Gram Sabha

- To solve this problem, **Ministry of Panchayati Raj**, in collaboration with the **Ministry of Education, Ministry of Tribal Welfare and the Aspirational Bharat Collaborative**, launched the **Model Youth Gram Sabha in 2025**

### What is it?

- It is a **simulation or a role-playing exercise for students**, like the Bal Sansad, Youth Parliament & Model United Nations (MUN).
- Students take on roles like the Sarpanch, ward members, and government officials. They discuss and debate real-life village issues, such as how to spend the village budget.
- The Goal is to **turn abstract civics lessons into a fun, lived experience**. It helps students understand how local governance works and makes democratic participation exciting.





## How is it Being Implemented?

- **Phase 1 (Starting Now):**
  - Launched in over 1,000 schools across India.
  - Includes Jawahar Navodaya Vidyalayas, Eklavya Model Schools, and Zilla Parishad schools.
  - 1,200+ teachers have been trained to run these simulations.
- **Phase 2 (The Future):** The plan is to expand this program to all state-run schools in India.

## Bigger Impact: From Classroom to Real Life

- **Builds Life Skills:** The activity teaches students critical skills like debating, public speaking, negotiation, and problem-solving.
- **Creates Future Leaders:** A student who "chairs" a Youth Gram Sabha today may grow up to be an IAS officer or leader who truly values local governance.
- **Makes Democracy a Lived Culture:** When young people see that their village meeting is as vital as Parliament, democracy stops being a textbook concept and becomes a part of their life.
- **Achieving a Developed India (Viksit Bharat):** A developed India depends on active citizens. The Model Youth Gram Sabha teaches the next generation that governance is not just the government's job, but a shared civic duty for everyone.

## Conclusion

- The Model Youth Gram Sabha is more than a classroom exercise; it is a seedbed for democratic renewal. In a democracy such as India, active citizen participation is not just a right but a responsibility. If the Model United Nations cultivates global citizenship, the Model Youth Gram Sabha can nurture civic pride and local leadership. The vision of Viksit Bharat cannot rest on policy alone. It depends on citizens who see governance not only as the government's responsibility but as a shared civic duty.



## GS-3

### 1) India's IT Sector at a Crossroads

**Syllabus: GS III: Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.**

#### Context

- For three decades, India's IT industry has been a powerhouse of economic growth and a source of prestigious, well-paying jobs. Despite employing only 1% of the workforce, it contributes a significant 7% to the nation's GDP. However, this golden era is facing a serious challenge, with major layoffs—like TCS cutting 20,000 jobs—raising a critical question: Is an IT career still a guaranteed path to success?

#### Why is This Happening?

- The industry is not collapsing but undergoing a major structural shift. The layoffs are a symptom of this deeper change, driven by several key factors:
- AI and Automation:** Technologies like AI are now handling routine tasks such as basic coding and reporting. This boosts productivity but reduces the need for large teams dedicated to these functions.
- Changing Client Demands:** Global clients no longer want just large numbers of programmers. They now seek specialized, high-value solutions in areas like cloud computing, cybersecurity, and generative AI.
- Tighter Budgets & Policies:** Economic uncertainty in key markets (U.S. and Europe) has led to reduced IT spending. Simultaneously, stricter visa policies in countries like the U.S. make it harder and more expensive to deploy Indian professionals abroad.

#### Consequences

- This rapid shift has created significant upheaval within the workforce:
- Skill Mismatch:** Many experienced professionals with skills in older technologies are finding their expertise becoming obsolete.
- "Silent Layoffs":** Instead of mass firings, companies are trimming their workforce through performance-based exits, delayed promotions, and voluntary retirement schemes.
- The End of Guaranteed Jobs:** The long-held belief that a basic tech degree guarantees a stable career for life is quickly fading.

#### Way Forward

- Despite the challenges, the sector's strong foundation provides hope. It still contributes over \$280 billion to the economy, employs millions, and is respected globally. To secure its future, a concerted effort is required:
- For Companies & Workers:**
  - Large-Scale Upskilling:** Massive reskilling initiatives in AI, data science, and cloud computing are essential. Employees must commit to continuous learning.
- For Educational Institutions:**
  - Curriculum Reform:** Engineering courses must move beyond traditional coding to include AI, machine learning, and crucial soft skills.
- For the Government:**
  - Support for Startups:** Foster a deep-tech and product-based startup ecosystem through policy and venture capital support.
  - Safety Nets for Workers:** Implement policies like mandatory 6-9 month severance packages for those laid off, providing a financial cushion for retraining.





- **Global Market Access:** Engage with international partners to ensure stable visa and trade policies.

## Conclusion

- The Indian IT story is evolving from a model based on large-scale, low-cost manpower to one driven by innovation and high-value mindpower. While this transition is undoubtedly painful, it is necessary. Future success will be measured not by the number of employees, but by the ability to create cutting-edge solutions and empower a workforce with future-ready skills. With the right vision and policy, the sector can not only survive but bloom again.

## 2) India's Clean Energy Paradox

**Syllabus: GS III: Conservation, Environmental Pollution and Degradation, Environmental Impact Assessment.**

## Context

- India is rapidly expanding renewable energy, which now makes up about 50% of its installed power capacity.
- Despite this, the grid has become dirtier. The Grid Emission Factor (GEF)—a measure of CO<sub>2</sub> pollution per unit of electricity—has increased from 0.703 to 0.727 tCO<sub>2</sub>/MWh between 2020 and 2024.

## Why is This Happening?

- **Capacity vs. Generation Gap:**
  - While renewable capacity is high, its **actual output is low due to intermittent sources**.
  - Renewables have a low capacity utilisation (15-25%) compared to coal (65-90%).
  - Consequently, in 2023-24, **renewables supplied only 22% of actual electricity generated**, with fossil fuels powering the rest.
- **Timing Mismatch:**
  - Solar power peaks in the afternoon, when electricity demand is relatively lower.
  - **Electricity demand peaks in the evening when solar power is unavailable.**
  - To meet this evening peak, the grid must rely on carbon-intensive coal-fired power plants.
- **Overwhelming Demand Growth:**
  - India's fast-growing economy is driving a surge in electricity demand.
  - This new demand is primarily being met by burning more coal, the most polluting source, overshadowing the growth of renewables.

## Two-Pronged Approach

- Simply building more solar and wind farms is not enough. India needs a strategy centered on Energy Efficiency and Grid Flexibility.

### 1. Energy Efficiency: The "First Fuel"

- **Concept:** Reducing energy waste before more power needs to be generated. It is the cheapest and cleanest way to meet energy needs.
- **Impact:**
  - Reduces overall electricity demand, especially during the critical evening peak.
  - Directly cuts coal consumption and emissions by lowering the need to run peak-time coal plants.
  - Makes the electricity from renewables a larger share of a smaller total demand, cleaning the grid faster.
- **Proven Success:** From 2017-2023, energy efficiency saved India 1.29 GT of CO<sub>2</sub> emissions and approximately ₹760,000 crore.



## 2. Grid Flexibility: Aligning Supply with Demand

- **Concept:** The ability to balance the grid in real-time despite the variable nature of solar and wind power.
- **Why it's Needed:** The traditional grid was built for steady, predictable coal power. A flexible grid can manage the unpredictability of renewables without causing blackouts.

### Key Measures to unlock the full value of clean energy

- **Promote Virtual Power Plants (VPPs):** Link millions of home batteries to act as a single, large power plant during peak demand.
- **Implement Flexible Pricing:** Introduce time-based tariffs to incentivize consumers to use electricity when renewable supply is high (e.g., afternoons).
- **Strengthen Appliance Standards:** Push the market towards super-efficient 4- and 5-star rated appliances.
- **Support Industrial Upgrades:** Help small and medium enterprises (SMEs) adopt efficient motors, pumps, and processes.
- **Launch Scrappage Incentives:** Offer financial benefits for retiring old, inefficient equipment.
- **Procure "Electricity Services":** Allow utilities to sell services like "green cooling" (using high-efficiency ACs powered by clean energy) instead of just selling electricity units.

### Way Forward

India's goal to reduce its GEF to 0.548 by 2026-27 and 0.430 by 2031-32 is achievable. However, it requires a fundamental shift in strategy.

- **A balanced approach is essential:** We must accelerate investments in renewables, storage, and transmission while simultaneously embedding energy efficiency into households, industries, and cities.
- **Efficiency must be the "first fuel":** The primary focus should be on reducing demand through efficiency.
- **Flexibility must power the future:** The grid must be made agile and responsive, moving away from a reliance on rigid, fossil-fuel-based power.

### Conclusion

- By making efficiency the core of its energy strategy and building a flexible grid, India can resolve its clean energy paradox and secure a sustainable power future.

## 3) Household Income Survey 2026

**Syllabus: GS III: Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.**

### Context

- The Household Income Survey (HIS) 2026 is India's first-ever detailed, **nationwide survey designed to directly measure the incomes of households in both rural and urban areas.**
- Organized by the **Ministry of Statistics and Programme Implementation (MoSPI)** and carried out through the **National Sample Survey (NSS)**, it is scheduled to begin in February 2026.
- This initiative is a major step forward in closing a major data gap regarding the financial situation of Indian families.

### Moving Beyond Past Surveys

- **Earlier studies**, like the Periodic Labour Force Survey (PLFS) and the Household Consumption Expenditure Survey (HCES), **did not measure income directly.**
- Instead, they used indirect methods, such as looking at spending patterns, to guess income levels.
- These approaches had **weaknesses**, often leading to inconsistent data and failing to capture the full picture of how households earn and manage their money.





- The HIS 2026 aims to solve this by **gathering income information directly**, along with detailed facts about households.

### What the Survey Will Ask?

- The survey is designed to be very thorough. It will **collect specific information for different types of earners**:
  - For salaried people, it will record not just basic pay but also allowances, bonuses, and stock options.
  - For casual workers, it will note the number of days worked and average daily wages.
  - For the self-employed in farming, it will ask about crop sales; for those in business, it will ask about business receipts.
- Alongside income, the survey will **gather details on social group, religion, occupation, property ownership, and loans**.
- It will also **track money received from government welfare schemes and pensions**.
- By combining all this information, the survey will help us **understand the links between social groups and types of employment**.
- It will show what portion of a family's income is used for loan repayments, which is especially important in today's economy where many people rely on EMIs.
- For agriculture, it will provide **direct evidence to check progress on goals** like "doubling farmers' income."

### Tracking Spending Too

- The survey recognizes that understanding a household's finances requires looking at **both money coming in and money going out**. Therefore, it will also **collect data on spending patterns**.
- This will allow for calculating accurate profit margins for farmers and business owners and will give a **clear view of the economic pressure created by debt and EMI payments**.

### Challenges in Collecting the Data

- A test run of the survey in August 2025 revealed **significant challenges**.
  - About 95% of people found the income-related questions to be too personal and were uncomfortable answering them, especially questions about income tax.
  - Many refused to respond.
  - Wealthier households were particularly hesitant and asked many more questions, while rural respondents were relatively more cooperative.
- This reluctance is a major threat to the accuracy of the survey.

### How the Government Plans to Address These Challenges

- To build trust and improve participation, MoSPI plans to launch **public awareness campaigns, train field staff thoroughly, and use local language interpreters**.
- For the affluent, gated communities that were most hesitant, a **special "self-completion" method** is being considered, where respondents would fill out the forms themselves.
- Another challenge is that people often have **trouble remembering their financial details accurately**. The pilot showed that respondents sometimes overstated their expenses or were unsure of their exact income.
- Many also found it difficult to recall information about their financial assets, like the interest earned from savings accounts.
- This means **survey staff need to be skilled at asking careful follow-up questions** to ensure data is correct.

### Why This Survey is Important

- Despite the challenges, the successful execution of the HIS 2026 has the **potential to transform how policies are made in India**.
- For the first time, the government will have reliable, direct data on what people actually earn.



- This will lead to **better-targeted welfare programs, more informed decisions on taxation and poverty measures, and a real-world check on the success of government promises.** Ultimately, it will greatly improve evidence-based governance for the country.

#### 4) Why India Needs a New Welfare Model

**Syllabus: GS III: Inclusive Growth and issues arising from it.**

##### Context

- India faces a **convergence of crises**: a wealth gap unseen since colonialism, job-shedding automation, gig economy precarity, climate displacement, and a mental health epidemic fueled by insecurity.
- **Wealth Disparity**: Official consumption data masks true inequality. The wealth inequality Gini coefficient is 75 (2023).
  - The top 1% owns 40% of national wealth.
  - The top 10% control 77%.
- GDP growth (8.4% in 2023-24) has failed to create broad-based prosperity, as reflected in India's low rank of 126/137 in the World Happiness Report behind Nepal, Bangladesh, and Pakistan.
- Current welfare systems are plagued by inefficiency, leakage, duplication, and exclusion.

##### Universal Basic Income (UBI)

- UBI is a **periodic, unconditional cash transfer to every citizen, irrespective of income or employment status.**
  - Not a loan: You don't pay it back.
  - For everyone: Rich or poor, employed or unemployed.
  - No strings attached: People are free to spend it on what they need most.

##### Case for UBI in India

- **Administrative Advantage**: UBI can streamline welfare delivery, leveraging mature digital infrastructure like Aadhaar and Direct Benefit Transfer (DBT). It aims to create a basic floor of income security for all, ensuring that no one is left behind due to bureaucratic lapses or conditional access.
- **Moral & Economic Imperative**: A direct cash transfer provides a basic floor of income security, allowing a gig-worker to buy food during lean periods or a rickshaw driver's child to have new shoes.
- **Proof from Pilots**:
  - A Self Employed Women's Association SEWA-led trial in Madhya Pradesh (2011-13) showed better nutrition, higher school attendance, and increased earnings.
  - International trials in Finland, Kenya, and Iran showed improved mental health and food security without reducing the willingness to work.
- **Buffer Against Automation**: With up to 800 million jobs globally at risk from automation by 2030 (McKinsey), UBI provides a vital buffer for India's vulnerable informal workforce to reskill and transition.

##### Philosophical Shift

- UBI moves the relationship from **transactional "consumer-as-voter" politics to one based on citizenship and rights.**
- It **undercuts the political incentive for ad-hoc freebies** (like free power or loan waivers) that manufacture short-term allegiance.
- It **empowers voters to judge governments on systemic outcomes** (schools, rule of law) rather than being hostage to transactional giveaways.





### Addressing the Counterarguments

- **Inflation:** Fears of hyperinflation are misplaced; history shows it stems from collapsed production and foreign debt, not from increasing citizens' spending power. Responsible funding and keeping shelves stocked can prevent price hikes.
- **Cost:** A minimal UBI set at the poverty line (₹27,620/person/year) would cost about 5% of India's GDP.
- **Funding:** This would require raising taxes, rationalizing subsidies, or increasing borrowing.
- **Diluted Redistribution:** Universality means the affluent also receive funds, potentially diluting redistributive intent.

### Way Forward

- **UBI is not a panacea;** it cannot single-handedly create jobs or fix health and education systems.
- It should be **introduced in phases, prioritizing vulnerable groups:** women, the elderly, persons with disabilities, and low-income workers.
- It should **complement, not replace, essential schemes** like the Public Distribution System (PDS) and MGNREGA in early stages.
- **Bridging gaps** in digital literacy, mobile access, and bank connectivity in tribal and remote areas is crucial to prevent exclusion.

### Conclusion

- UBI is a foundational tool to provide minimum economic security, recognize unpaid care work, and expand opportunity and agency for all citizens.

## 5) India's New Labour Policy: Shram Shakti Niti 2025

**Syllabus: GS III: Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.**

### What is the Policy All About?

- The Indian government has drafted a new national labour policy called **Shram Shakti Niti 2025**. It is presented as a modern, "future-ready" plan for workers. Its main goals are to:
  - Improve job matching using technology and AI.
  - Provide universal social security (health, pension, insurance) for all workers.
  - Make workplaces safer, with a goal of almost zero worker deaths by 2047.
  - Increase women's participation in the workforce.
  - Create new "green jobs" for a sustainable future.

### What's Good About the Policy?

- The policy has some good ideas on paper:
- **One Social Security Account:** It proposes merging different schemes (like PF and ESI) into a single, portable account for every worker, which could make benefits easier to manage.
- **Focus on Women:** It sets a target to get more women into the workforce and talks about equal pay and childcare.
- **Use of Technology:** It plans to use digital platforms to help people find jobs and learn new skills.
- **Green Vision:** It recognizes the need to prepare workers for a green economy.

### Challenges

- The main criticism is that the policy ignores the harsh reality of most Indian workers. Here are the key problems:
- **Ignores the Informal Worker:** 90% of India's workforce is informal (like daily wage labourers). They have no contracts, no job security, and are often denied legal benefits. The policy doesn't have a strong plan to protect them.



- **Digital Divide:** Many schemes require a smartphone and digital literacy. But with low literacy rates, this will exclude millions of poor women, elderly, and less-educated workers.
- **Empty Promises on Safety:** Goals like "zero fatalities" are unrealistic without hiring more workplace inspectors and enforcing strict penalties for unsafe conditions.
- **No Funding Clarity:** The policy promises universal social security but doesn't explain who will pay for it, especially for gig and informal workers.
- **No Strong Steps for Women:** While it has targets for women's employment, it lacks mandatory quotas or strong punishments for discrimination. Support like childcare and maternity benefits for informal workers is insufficient.
- **Risk of Bias in AI:** Using AI for job matching could lead to automated discrimination against women and marginalized communities if not carefully monitored.

### Measures to Address the Challenges

- For the policy to succeed, the following steps are crucial:
- **Ensure Offline Access:** All services must be available offline or in simple formats so that no one is left behind.
- **Clarify Funding:** The government must clearly state how the social security schemes will be funded, including contributions from employers and the state.
- **Strengthen Enforcement:** Hire more labour inspectors, impose strict penalties on companies that exploit workers, and ensure laws are actually enforced on the ground.
- **Include Worker Voices:** Involve worker unions in designing and monitoring the policy to ensure it meets real-world needs.
- **Pilot and Audit:** Test the policy in small pilot projects first, conduct regular audits to check its impact, and create a transparent system for workers to report grievances.

### Conclusion

- The Shram Shakti Niti 2025 has ambitious goals, but its success will not be measured by its digital dashboards or promises.
- It will be judged by a simple question: **Does it improve the lives of the millions of workers trapped in low-wage, insecure, and exploitative jobs?**
- Without concrete funding, strong enforcement, and inclusive systems that reach the most vulnerable, this policy risks being just another document that sounds good but fails to deliver real justice and dignity to India's workforce.

## 6) SMART PROTEINS AND FUNCTIONAL FOODS

**Syllabus: GS III: Awareness in the fields of IT, Space, Computers, Robotics, Nano-technology, Bio-technology and issues relating to Intellectual Property Rights**

### About Proteins

- Proteins are **large, complex molecules** that are **essential to the structure, function, and regulation of the body's cells, tissues, and organs**. They are often called the "**building blocks of life**."
- Proteins are **made up of amino acids**, which are linked together in long chains.
  - There are **20 different amino acids**, and the specific sequence of these determines a protein's structure and function.
  - Some amino acids are **essential (nine of twenty)**, meaning the body cannot produce them and must obtain them from food.
- **Animal proteins** (sourced from eggs, meat, poultry, fish, milk, cheese, yogurt) are known as **complete proteins**, meaning they **contain all nine essential amino acids**.





- While **some plant proteins** (sourced from lentils, beans, chickpeas, tofu, soy, quinoa, nuts, seeds, and whole grains) are **incomplete** but can be **combined** to form a complete profile.
- Our body **cannot store proteins** the way it stores carbohydrates or fat — so we need a **regular intake**.
- Protein is crucial for **growth and development, muscle maintenance, tissue repair and immune function**.
- **Lack of protein** can lead to **muscle loss, fatigue, poor immunity**, and in extreme cases, it can result in protein deficiency diseases like **Kwashiorkar** and **Marasmus**.

### Protein Deficiency in India

- India faces **widespread protein deficiency**, especially among children and women. Traditional diets often lack **adequate and quality protein** sources.
- Traditional protein sources (like meat and dairy) consume large amounts of **land, water, and energy**.
- Traditional livestock and agriculture contribute significantly to **greenhouse gas emissions**.
- As the population grows, the **demand for protein-rich food increases**, however traditional food systems are **unsustainable at scale**.
- Animal-based food systems also increase **risks of zoonoses** (diseases jumping from animals to humans).

### What are Smart Proteins?

- Smart proteins (also known as **alternative proteins**) are innovative food products that **mimic the taste, texture, and nutrition of animal-based protein sources** like meat, eggs, and dairy — but are **made without using animals**.
- They are produced using advanced technologies such as **fermentation, plant-based processing, and cellular agriculture**, reducing reliance on traditional livestock farming.
- They are designed to provide **sustainable, ethical, and healthier alternatives** to conventional animal proteins.

### Advantages of Smart Proteins

- Smart proteins offer efficient alternatives with **reduced land, water, and energy requirements**.
- These proteins **address nutritional needs and widespread protein deficiencies** while **reducing environmental impact**.

### What are Functional Foods?

- Functional foods are **enriched foods that promote health or prevent disease**, such as **vitamin-enriched rice or omega-3-fortified milk**.
- Functional foods **leverage several technologies such as nutrigenomics (the study of how nutrition interacts with genes), bio-fortification, 3D food printing, and bioprocessing**.

### Where Does India Stand Today?

- **Government Support:** The Indian government has started funding this area through its biotechnology policy.
- **Functional Foods in Action:** Scientists are creating more nutritious crops, like rice with more zinc and millet with more iron. Big companies like Tata and ITC are also selling fortified foods.
- **Smart Proteins Growing:** There are over 70 brands in India selling plant-based meat and egg products. Startups are leading the way, and even a government lab has received a grant to research cultivated meat.

### How Are Other Countries Doing?

- Japan was the first to create rules for functional foods back in the 1980s.
- Singapore was the first to approve the sale of lab-grown chicken in 2020.
- China and the European Union are also heavily investing in these new protein technologies as part of their food security and environmental plans.



## Way Forward

This is a huge opportunity for India's health and economy, but it needs a clear plan.

1. **Clear Rules:** The food safety authority (FSSAI) must create clear definitions and safety rules for these new foods.
2. **Teamwork:** Different government departments need to work together to support this industry.
3. **Public-Private Partnerships:** The government and companies should team up to build the needed factories and technology in India.
4. **Public Education:** People need to understand what these foods are. Farmers should also be included so that everyone benefits from this new food revolution.

## Conclusion

- Smart proteins and functional foods represent the future of nutrition where science meets sustainability. With the right mix of **policy support, public awareness, and industry collaboration**, India can move from being a protein-deficient nation to a **global leader in sustainable nutrition technologies**.

## 7) Urgent update: On the India's Consumer Price Index

**Syllabus: GS III: Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.**

### Context

- India's retail inflation plummeted to a historic low of 0.25% in October 2025, the lowest since the current CPI series began in 2013.
- The decline has raised talk of a possible RBI rate cut at the December Monetary Policy Committee.

### Major Reasons Suggested

- The sharp decline is attributed to **three key factors**:
  1. full-month impact of **GST rate rationalization**,
  2. **favorable base effect** (as October 2024 saw high inflation of 6.2%), and
  3. a **significant deflation in food prices**.

### How is Food Inflation the Main Factor?

- **Food and beverages inflation fell for the fifth month, declining about 5% year-on-year**, pulling the overall CPI down (**food accounts for ~46% of the CPI basket**).
- With food's large weight in the CPI, the **negative food inflation driven largely by a high base last year was the dominant force** behind the 0.25% reading.
- Yet ground reports show **vegetable prices rising recently**, indicating the **fall may be statistical rather than a sustained price collapse**.

### Need for CPI Revision

- The current CPI series has become **outdated and misleading** due to:
  1. An **obsolete 2012 base year**
  2. **Inaccurate weightages** that no longer reflect consumption patterns
- This creates a **vast gap between official data and public perception**, with surveyed households reporting high perceived inflation of 7.4% in September.

### Way Forward

- The historic low inflation reading of October **primarily reflects transient factors rather than structural disinflation**, as evidenced by **persistent core inflation at 4.4%**.
- This underscores the **critical need for methodological revision and greater transparency** in the Consumer Price Index, which remains the **RBI's primary monetary policy anchor**.
- The planned introduction of a **new CPI series** by the **Ministry of Statistics and Programme Implementation** in Q1 of the next financial year is therefore imperative.





- A modernized, accurate inflation measure is essential to bridge the gap with public perception, prevent policy missteps, and ensure macroeconomic stability.

## 8) India's Inflation Target

**Syllabus: GS III: Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.**

### Why Controlling Inflation is a Priority?

- Controlling inflation is a primary goal because **high inflation functions like a unfair tax** that disproportionately impacts poorer households.
- It also **disrupts savings and leads to inefficient investments**, harming the overall economy.

### Upcoming Review

- India's current monetary policy system, known as **Flexible Inflation Targeting (FIT)**, is set to be **reviewed before it expires in March 2026**.
- Under this framework, the **Reserve Bank of India (RBI)** has been tasked with **keeping inflation at 4%, with a flexibility band of 2% to 6%**.
- The RBI has now opened a discussion on three critical questions to shape the future policy.

### Three Key Questions for Review

#### 1. What to Measure: Headline vs. Core Inflation?

- This debate centers on which price index the RBI should focus on.
  - **Headline Inflation:** Includes the prices of all items, including the volatile categories of food and fuel.
  - **Core Inflation:** Excludes food and fuel prices to gauge underlying, long-term price trends.
- The article argues that **headline inflation is the right target**.
- Since **food and fuel make up a large portion of household spending**, ignoring them misses the real-life impact of price rises on citizens.
- While theory suggests a price spike in one area (like food) should not affect overall inflation if the total money supply is controlled, India's reality is different.
- Here, **high food prices often lead to demands for higher wages, which can then push up prices across the economy**, creating a **damaging wage-price spiral**. Therefore, the RBI must monitor headline inflation to prevent this.

#### 2. What is the Ideal Inflation Goal?

- The review must determine **if the 4% target is still the ideal "sweet spot."**
- **The "Sweet Spot" Theory:** The idea is that very low inflation can be as bad as very high inflation. A little inflation (e.g., 2-4%) can act like oil for the economic engine, encouraging spending and investment. However, beyond a certain point, high inflation creates uncertainty and hurts growth.
- **Evidence for India:** Data shows that when inflation in India goes above 6%, economic growth tends to decline sharply. Preliminary studies suggest that for the next five years, the ideal inflation rate to support growth is at or below 4%. Therefore, there is a **strong case to maintain the 4% target rather than raising it**.

#### 3. How Much Flexibility is Needed?

- The current system allows **inflation to fluctuate between 2% and 6%**. The question is whether this band is appropriate.
- **Band is Acceptable:** The +/- 2% flexibility is generally seen as necessary to handle economic shocks.
- **Real Danger is Staying at the Upper Limit:** The problem arises if inflation consistently remains near the 6% upper bound. This would mean the central bank is failing in its core objective of price stability.



- **Crucial Link to Government Spending:** The success of inflation targeting hinges on the government's fiscal discipline. If the government finances its spending by printing money, it will fuel inflation, making the RBI's job impossible. The RBI's monetary policy (FIT) and the government's fiscal responsibility (FRBM Act) are two pillars that must work together for economic stability.

### Conclusion

- The evidence strongly supports retaining India's current inflation targeting framework. The RBI should continue to target headline inflation to effectively manage public expectations and prevent food-price spirals. Maintaining the 4% target is ideal for growth, while the existing flexibility band remains adequate. Ultimately, the framework's success hinges on continued fiscal discipline to ensure lasting macroeconomic stability.

## 9) Delhi's Air Crisis

**Syllabus: GS III: Conservation, Environmental Pollution and Degradation, Environmental Impact Assessment.**

### Context

- Delhi's air pollution is not a temporary seasonal problem; it is a permanent public health emergency caused by a complex mix of geography, weather, and human activity. While the solutions are known, the crisis persists due to a lack of political will, coordination, and sustained action.

### Breaking Down the Problem

#### Severity of the Crisis

- **A Health Catastrophe:** Breathing Delhi's air can reduce life expectancy by up to 10 years. It causes a sharp rise in asthma, heart attacks, strokes, and even conditions like depression and rheumatoid arthritis.
- **An Economic Drain:** Air pollution costs India about 1.36% of its GDP roughly 36.8 billion dollars in healthcare expenses, lost productivity and premature deaths.
- **A Driving Force for Exodus:** Some people are leaving Delhi to protect their families' health, even at the cost of their careers.

#### "Perfect Storm" of Causes

- The three factors combine to create Delhi's toxic haze:
- **Geography & Weather (The Trap):**
  - Delhi lies in a basin-like formation, flanked by the Aravalli hills, which restrict air flow and prevent pollutants
  - In winter, a "temperature inversion" acts like a lid, sealing polluted air close to the ground. The city becomes a "bowl of poison."
- **Human Negligence (The Sources):**
  - **Vehicles:** With over 3.3 crore registered vehicles, Delhi's roads are saturated with polluting diesel trucks, two-wheelers, and ageing buses. Weak enforcement of emission standards allows them to freely release nitrogen oxides and PM2.5 particles
  - **Despite adopting BS-VI (Bharat Stage 6) norms,** enforcement remains patchy.
  - **Construction:** Rapid urbanisation has also led to unregulated construction, with debris and dust **contributing nearly 27% of PM2.5 levels.** Covering sites and enforcing dust-control norms are routinely ignored
  - **Industry:** Factories and power plants in neighbouring States release sulphur dioxide and other toxins. Many still use outdated technologies and lack emission filters.
- **The "Villains" (The Seasonal Spikes):**





- **Stubble Burning:** Farmers in Punjab and Haryana burn crop residue, and the smoke drifts into Delhi.
- **Firecrackers:** Diwali celebrations cause severe, short-term pollution spikes.
- **Waste Burning:** Open burning of garbage adds to the problem.

### Lessons from Global Example

- The problem requires a comprehensive, multi-pronged approach.

#### 1. London:

- **Problem:** Used to have famous, thick smog.
- **Solution:**
  - Created a "Clean Air Zone" where dirty vehicles have to pay a fee to enter.
  - Made it easier and more attractive for people to use electric cars.
  - Improved public transport and upgraded old buildings to waste less energy.

#### 2. Los Angeles:

- **Problem:** Famous for its smog crisis.
- **Solution:**
  - Introduced very strict rules on how much pollution cars could emit.
  - Promoted the use of cleaner fuels and technologies.
  - Got all the nearby towns and counties to work together on the same plan.

#### 3. Beijing:

- **Problem:** Was infamous for its "airpocalypse," with extremely dangerous pollution levels.
- **Solution:**
  - Moved heavy, polluting factories away from the city.
  - Banned the burning of coal in urban areas.
  - Set up a network of air monitors to track pollution in real-time.
- **Result:** This strong, multi-year plan cut its most harmful pollution by 35% in just five years.
- All three cities succeeded by taking strong, sustained government action, not just temporary fixes, targeting the biggest sources of pollution.

### Way Forward

- Delhi must adopt similar measures. Delhi and its neighboring states (the NCR) adopt a "**Unified Airshed Management Plan**" with these key actions:
  1. **Political Coordination:** For the first time, Delhi and its neighboring states are governed by the same party (BJP). This is a unique chance to end political friction and launch a joint "Clean Air Mission."
  2. **Transport Overhaul:** Incentivize electric vehicles (EVs), electrify public transport, and expand the metro network.
  3. **Strict Enforcement:** Regulate construction dust, ban open waste burning, and penalize violators.
  4. **Support Farmers:** Provide farmers with real alternatives to stubble-burning, like Happy Seeders and bio-decomposers.
  5. **Transparency and Public Engagement:**
    - Use public "dashboards" to show real-time air quality data and government progress.
    - Make clean air a "shared responsibility" through public campaigns and school programs.

### Conclusion

- The persistence of Delhi's pollution is a result of choices and misplaced priorities. Treating it as a seasonal headline every Diwali leads to millions suffering. Delhi can breathe clean air again, but only if its leaders and citizens act with urgency, coordination, and courage.



## 10) India's Food Policy Paradox

**Syllabus: GS III: Issues related to Direct and Indirect Farm Subsidies and Minimum Support Prices; Public Distribution System - Objectives, Functioning, Limitations, Revamping; Issues of Buffer Stocks and Food Security; Technology Missions; Economics of Animal-Rearing.**

### Context

- India's food security system, designed for self-sufficiency, now creates major imbalances. The country faces the strange situation of overflowing rice stocks alongside heavy dependence on imports for essential daily foods like pulses and cooking oils.

### Rice Glut

- Every year, the government buys between 525 to 547 lakh tonnes of rice from farmers. However, our public distribution system only needs and uses about 392 to 427 lakh tonnes.
- This leaves a **massive and expensive surplus** that has to be stored. Wheat tells a different story, where we often use more than we procure.
- The entire cost of maintaining this stockpile, including the massive subsidies involved, adds up to a staggering **₹2 lakh crore every year**.

### Import Crisis

- While we are drowning in excess rice, we are forced to **rely heavily on other countries** for our daily meals.
- Pulses:** Despite being the world's biggest producer of pulses, we still had to import ₹30,000 crore worth of them last year. At the same time, the government's own purchases from Indian pulse farmers have gone down.
- Edible Oils:** The situation is even more critical for cooking oil. A shocking **55% of what we use is imported, costing us a massive ₹1.2 lakh crore**. Events like the Russia-Ukraine war have made these imports even more expensive.
- The root of the problem lies in policy. For decades, the **import of cheaper edible oils has made it unprofitable for Indian farmers to grow oilseeds**, and **no strong strategy** was put in place to protect them. As a result, our domestic production has stagnated.

### Systemic Failures

- The current food procurement and distribution system is plagued by **deep-rooted inefficiencies** that undermine its effectiveness.
- A prime example is the **recurring plight of state procurement agencies**, like the Tamil Nadu Civil Supplies Corporation, which consistently face **operational breakdowns**, including **significant delays and allegations of corruption**, when tasked with procuring paddy.
- A core driver of this congestion is a **policy-driven incentive structure**. The system's **guarantee of minimum returns for paddy** makes it a financially safe choice for farmers, actively encouraging overproduction and overwhelming the procurement infrastructure.
- This operational failure is **compounded by massive post-harvest losses**. An ICRIER report highlights a catastrophic **28% loss of food grains during distribution**, exposing a system that is not only inefficient in collection but also fundamentally broken in delivering what it procures, confirming its profound imperfections from end to end.

### Solutions for a Balanced Food System

#### 1. Incentivize Crop Diversification

- The first step is to incentivise crop diversification.
- To do this effectively, we need **local-level studies to identify what other crops will sell**.
- Farmers avoid switching because they fear financial loss, so they need both financial backing and expert guidance to make the change.





- Furthermore, since we have more rice than we need, the **government should allow farmers to freely export it**, instead of suddenly banning exports.

## 2. Empower Farmer Producer Organizations

- A major hurdle is the disconnect between those who grow our food and those who buy it in bulk.
- This is where **Farmers Producer Organizations (FPOs) can be a vital link**. Imagine a papad manufacturer tying up directly with a group of farmers growing blackgram, it's a win-win for both.
- While FPOs are still new, they have huge potential. The government can use them not just for trade, but also to **educate farmers, promote crop diversification, and build stronger supply chains**.

## 3. Expand Institutional Participation

- We can also learn from successful models on the ground.
- For example, **West Bengal** has shown how FPOs can be used to help in paddy procurement, reducing the burden on the government.
- We should actively bring in new players like FPOs, Self-Help Groups, and cooperatives, and train them properly to be part of the solution.

## Way Forward

- Reforming this complex system requires collective action from experts, farmers, and policymakers. While change won't happen overnight, beginning this transformation is crucial for building a smarter, sustainable food system that truly serves India's needs.

# 11) Can the World Quit Coal?

**Syllabus: GS III: Conservation, Environmental Pollution and Degradation, Environmental Impact Assessment.**

## Context

- As global leaders convene at COP30 in Brazil, the phase-out of fossil fuels, particularly coal, is once again at the forefront of climate negotiations.
- Despite decades of climate treaties, the relentless rise in global emissions and temperatures underscores the urgent need to address the world's primary carbon emitter: coal.

## Why Coal is the Central Problem in Climate Change

- Coal is the single largest contributor to global climate change** and poses a severe threat to human health and the environment.
  - Emissions Intensity:** It is the most carbon-intensive fossil fuel, producing more CO<sub>2</sub> per unit of energy than oil or natural gas.
  - Air Pollution and Health Crisis:** Burning coal releases harmful pollutants like sulfur dioxide (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>), and particulate matter (PM<sub>2.5</sub>). This is directly linked to millions of premature deaths annually from respiratory and cardiovascular diseases.
  - Case Study - US Success:** A significant portion of the emission reductions in the United States was achieved not by a dramatic shift to renewables alone, but by the systematic replacement of coal with cheaper natural gas and, increasingly, renewable energy.

## Global Momentum

- There is a growing, concerted international effort to move away from coal.
- Powering Past Coal Alliance (PPCA):** Over 60 countries have joined this alliance, committing to phase out unabated coal-fired power generation (coal plants without carbon capture technology).
- National Targets: Several nations have set definitive deadlines:
  - Germany (2038), Spain (2030), Malaysia (2040), Czech Republic (2033)



## Global Reality

- Despite the momentum, the global picture is complex and filled with contradictions.

### A. The Rise of Renewables vs. Rising Demand

- In 2024, nearly 90% of new global power capacity came from clean energy sources.
- However, rising global electricity demand means renewables are often adding to the energy supply rather than replacing coal-fired power. Coal plants continue to run to meet base load demand.

### B. The China Paradox

- China is the linchpin of the global coal problem, burning more coal than the rest of the world combined and continuing to approve new coal plants to ensure energy security.
- Contradictorily, China is also the world's dominant manufacturer of solar panels, wind turbines, and batteries, making it indispensable to the global clean energy transition.

### C. Political Backlash in the West

- Political shifts, such as the Trump administration in the US, have led to the rolling back of climate regulations and the promotion of fossil fuels.
- In the EU, some countries face public resistance ("green backlash") to stringent climate policies perceived as economically burdensome.

### D. Off-Track for Paris Goals

- To limit global warming to 1.5°C, a rapid and managed decline in coal use is non-negotiable. The current pace of transition is insufficient, and global coal dependency remains dangerously high.

## Imperative of a "Just Transition"

- A rapid coal phase-out without a planned socio-economic framework can be devastating for coal-dependent communities, leading to:
  - Mass job losses and regional economic decline
  - Social disruption and identity crisis

## Elements of a Just Transition:

- **Retraining and Skill Development:** Programs to equip workers for jobs in renewable energy, manufacturing, and services.
- **Social Safety Nets:** Unemployment benefits, healthcare, and income support during the transition.
- **Economic Diversification:** Public and private investment in new community infrastructure and local industries.
- **Grid Modernization:** Upgrading electricity grids to integrate renewable sources.
- **Pension Protection:** Ensuring miners and workers do not lose their retirement benefits.

## Fossil Fuel Non-Proliferation Treaty (FFNPT)

- Recognizing the root of the problem, civil society and a coalition of governments are proposing a global framework akin to the Nuclear Non-Proliferation Treaty.
- **Objective:** To ban new fossil fuel expansion and manage a fair global phase-out of coal, oil, and gas.
- **Why Now?**
  - **Economic Viability:** Solar and wind are now cheaper than new coal plants in most regions.
  - **Financing the Global South:** The treaty could facilitate the financial and technological transfers needed for developing countries to leapfrog fossil fuels.
  - **Removing Barriers:** It would address the regulatory and political barriers that still slow the rapid deployment of renewables.

## Way Forward

- The world possesses the means to quit coal. The technological and economic arguments are clear: **renewables are cheaper, the health benefits are enormous, and the solutions exist.**
- The primary barriers are no longer technological. They are:
  - Political resistance and lobbying by incumbent industries.
  - Economic dependence of regions and nations on coal.
  - The challenge of managing a transition that is just and equitable for all.





- The coal challenge today is **no longer technological - it is fundamentally political, economic, and justice-based**. The success of COP30 and future climate action will depend on the world's ability to navigate this complex triad.

## 12) India's Fisheries Sector: Growth, Challenges, and Future

**Syllabus: GS III: Issues related to Direct and Indirect Farm Subsidies and Minimum Support Prices; Public Distribution System - Objectives, Functioning, Limitations, Revamping; Issues of Buffer Stocks and Food Security; Technology Missions; Economics of Animal-Rearing.**

### Context

- India is a global giant in fish and seafood farming. While production has grown massively, creating jobs and exports, this success is threatened by overfishing, pollution, and climate change. To secure the future, India is shifting its focus from just producing more to producing better.

### Promise and Stature of the Sector

- **Economic & Nutritional Powerhouse:** It is one of India's fastest-growing food sectors, crucial for livelihoods, food security, and foreign trade (exports).
- **Remarkable Growth:** Production has exploded from 2.44 million tonnes in the 1980s to 17.54 million tonnes in 2022-23. Aquaculture is the primary driver of this growth.
- **Global Leader:** India is the 2nd largest aquaculture producer globally, contributing 10.23 million tonnes of aquatic animals (as per FAO SOFIA 2024).

### Critical Challenges

Despite the success, the sector faces severe headwinds:

- **Environmental Strain:** Overfishing, habitat degradation, water pollution, and climate change are damaging aquatic ecosystems.
- **Socio-Economic Gaps:** Small-scale fishers often lack access to finance, modern technology, and profitable markets.
- **Supply Chain Weaknesses:** Poor traceability and inadequate post-harvest handling (e.g., storage, processing) limit the quality and value of products, hindering both export potential and domestic food security.

### Government's Strategic Response

The Indian government is actively addressing these challenges through major programs:

#### 1. Pradhan Mantri Matsya Sampada Yojana (PMMSY):

- The central government launched PMMSY in 2020 to bring about the **Blue Revolution** through **sustainable and responsible development of the fisheries sector** in India.
- **PMMSY is designed to address critical gaps in**
  1. Fish production and productivity,
  2. Quality & Technology,
  3. Post-harvest infrastructure and management
  4. Modernization and strengthening of value chain,
  5. Establishing a robust fisheries management framework and fishers' welfare.

#### 2. Other Efforts

- **Vessel transponders** for fisher safety,
- Digital and credit inclusion through the **Kisan Credit Card**, and the
- Establishment of **Matsya Seva Kendras** for integrated support.
- The **Climate-Resilient Coastal Fishermen Villages Programme** and the **draft National Fisheries Policy 2020** are positive developments.



- **"Blue Transformation" - The 2025 Theme:** The current focus is sharply on "Strengthening Value Addition in Seafood Exports." This means moving **from exporting raw materials to processed, high-value products to increase revenue.**

### Role of the FAO

- The FAO (Food and Agricultural Organization of the United Nations) has been a key collaborator for decades and is central to India's shift towards sustainability. Its support is multi-faceted:
- **Historical Foundation (BOBP):** Through the Bay of Bengal Programme, the FAO helped improve **small-scale fishing tech, sea safety, and post-harvest management.**
- **Ecosystem Management (BOBLME):** FAO's Bay of Bengal Large Marine Ecosystem project helped India balance fishing with conservation by promoting:
  - **Ecosystem Approach to Fisheries Management (EAFM)**
  - **Combating Illegal, Unreported, and Unregulated (IUU) fishing.**
- **Sustainable Aquaculture (Global Environment Funded Project in Andhra Pradesh):** A flagship project to transform aquaculture into a climate-resilient, low-footprint food system using international guidelines (Guidelines for Sustainable Aquaculture, Ecosystem approach to Aquaculture). This is intended as a model for the entire country.
- **Infrastructure Development (Technical Cooperation Program on Fishing Ports):** Assisting the government in modernizing fishing harbours (like Vanakbara and Jakhau) to make the entire aquatic value chain more efficient, safe, and environmentally sound.

### Way Forward

- For India's promising trajectory to be maintained, **sustainability must be the central theme.** The key priorities are:
- **Science-Based Management:** Using stock assessments to manage fishing efforts.
- **Combating IUU Fishing** (Illegal, Unreported, and Unregulated fishing): Through improved monitoring and control.
- **Ecosystem-Based Approaches:** Embedding these into both capture fisheries and aquaculture.
- **Modernizing the Supply Chain:** Strengthening certification, traceability, and digital tools to be competitive globally, while ensuring smallholders are not left behind.

### Conclusion

- India has successfully engineered massive production growth in fisheries and aquaculture. The next, more crucial phase is "Blue Transformation"—leveraging this production base to create a sector that is not only economically prosperous but also environmentally sustainable, climate-resilient, and socially inclusive.

## 13) India's groundwater crisis

**Syllabus: GS III: Conservation, Environmental Pollution and Degradation, Environmental Impact Assessment.**

### Context

- India is facing a **dual groundwater crisis — depletion and contamination —** both feeding into each other.
- The **Annual Groundwater Quality Report 2024** shows that nearly **20% of samples from 440+ districts** contain toxic contaminants like **uranium, fluoride, nitrate, and arsenic**. This is happening at a time when India's groundwater tables are already falling rapidly due to over-extraction.
- The article stresses that India's groundwater crisis is **not just about quantity, but quality**, and the two are tightly interconnected.





## Groundwater Depletion → Higher Contamination

1. **Over-extraction pushes farmers to drill deeper**, especially in Punjab and Haryana where withdrawal exceeds recharge by 150%.
  - Deeper aquifers naturally contain more uranium, fluoride, and salinity, so contamination increases.
2. **Falling water tables reduce the total volume of groundwater**, causing **pollutants to become more concentrated**.
  - **Nitrate, fluoride, and heavy metals** intensify in areas with severe depletion, such as Punjab, Haryana, and Rajasthan.

## Causes of Groundwater contamination

### Natural Causes

- Arsenic-rich alluvial aquifers in Ganga-Brahmaputra plains
- High fluoride in arid zones (Rajasthan, Telangana).

### Anthropogenic Causes

- Excessive fertilizer and pesticide use results in nitrate contamination.
- Industrial effluents discharged untreated.
- Sewage inflow into groundwater.
- Over-extraction due to:
  - Free/subsidised power for agriculture.
  - Water-intensive cropping (paddy, sugarcane).
- Lack of monitoring and regulation.

## Impact of groundwater contamination

- Groundwater depletion and contamination together **reduce India's human capital**, as **fluorosis, skeletal issues and cognitive impairment** in children lower productivity and increase healthcare burden.
- The World Bank estimates that environmental degradation, largely from polluted water and soil, contributes to an **estimated economic loss of \$80 billion annually (~6% of GDP)**.
- Use of contaminated groundwater for irrigation **degrades soil health, reduces crop yields and affects long-term agricultural sustainability**.
- **Heavy metal accumulation in crops** due to polluted groundwater **increases the risk of export rejection**, threatening India's \$50-billion agri-export economy.
- **Groundwater stress exacerbates socio-economic inequality**, as richer households can afford purification technologies while poorer communities remain dependent on unsafe aquifers.
- The **depletion-contamination cycle pushes vulnerable populations into a poverty trap**, as illness leads to debt, loss of income and further marginalisation.

## Way Forward

- Establish a nationwide, **real-time groundwater monitoring system** with open data access.
- **Strict enforcement** against industrial pollution and untreated sewage.
- Shift policy from subsidizing water-intensive crops to **incentivizing crop diversification, microirrigation** like sustainable agricultural practices.
- Deploy **decentralized, low-cost water treatment units** in affected villages.

## Conclusion

- Groundwater contamination is a **silent but permanent threat**. While scarcity can be revived with recharge measures, contamination is often irreversible. The editorial urges **urgent, coordinated national action**, warning that delay will increase long-term human, economic, and ecological costs and push India towards a **national catastrophe**.



## 14) Let's not fight rupee depreciation

**Syllabus: GS III: Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.**

### Context

- The Indian Rupee (INR) has experienced a sharp depreciation, falling 4.3% against the U.S. Dollar in 2025 to **become Asia's worst-performing currency**. This decline, breaching the 89.5/\$ mark, is driven by a confluence of global and domestic factors, raising questions about its impact and the appropriate policy response.

### Factors Contributing to the Rupee's Depreciation

- External Shocks:** The primary driver is the **current US administration's imposition of high tariffs (34%)** on Indian goods, hurting exports and creating a **record monthly trade deficit of \$41.7 billion**.
- Surge in Gold Imports:** A spike in gold prices triggered a **200% surge in demand**, leading to a **high import bill of \$14.72 billion in October**, further widening the current account deficit.
- Capital Outflows:** Sustained selling by **Foreign Institutional Investors (FIIs)** due to global uncertainty and **subdued Foreign Direct Investment (FDI)** have led to **significant dollar outflows**.
- Broad Dollar Strength:** The rupee's trajectory is increasingly dictated by global dollar momentum rather than domestic fundamentals.

### Negative Impacts of a Weaker Rupee:

- Imported Inflation:** It **increases the cost of essential imports** like crude oil, fertilizers, and electronics, **pushing up domestic inflation**.
- Widening Deficits:** A higher import bill **exacerbates the current account deficit**, projected to widen to **1.2% of GDP in FY26**.
- External Debt Servicing:** It makes **repaying foreign currency-denominated debt more expensive** for the country and corporates.

### Usual Measures to Address Depreciation:

- The Reserve Bank of India (RBI) intervenes** to curb excessive volatility, not to target a specific level.
- It sells dollars from its substantial **\$693 billion forex reserves** and uses **offshore derivatives** to support the rupee, having sold over \$30 billion since July 2025.

### Positive Impacts and The Case for a Calibrated Depreciation:

Despite the challenges, a weaker rupee is not without benefits and can be a **necessary economic adjustment**:

- Export Competitiveness:** It makes **Indian goods and services cheaper abroad**, helping **offset the disadvantage of high US tariffs**.
- Global Market Access:** Depreciation offers a **partial offset to the competitive disadvantage posed by rival Southeast Asian nations** that face **lower effective U.S. tariffs (16%)**.
- Boost to Remittances:** It **increases the rupee value of foreign remittances**, which hit a record \$137 billion in 2024, thereby boosting household incomes and consumption.
- Countering China:** A weaker rupee makes **Chinese imports more expensive**, protecting domestic manufacturers from China's aggressive redirection of exports from the U.S. due to high tariffs.

### Conclusion

- A **calibrated depreciation** is a vital tool to rebalance external fundamentals, enhance export competitiveness against tariff-heavy rivals like China, and support growth at a time of low





inflation. Therefore, policymakers should allow the rupee to adjust within a managed band, using reserves only to prevent disorderly market moves.

## 15) US Fed Rates & Impacts on India

**Syllabus: GS III: Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.**

### Context

- The US Federal Reserve has reduced its interest rate by a quarter percentage point recently, establishing the target range at 3.75-4 per cent. For India, this development influences the global cost of capital, investor behaviour, and the overall pace of trade.

### Background

- Emerging economies** such as India tend to have **higher inflation** and, thereby, **higher interest rates** than those in developed countries such as the US and Europe.
- As a result, **Foreign Institutional Investors (FIIs)** would want to borrow money in the US at low interest rates in dollar terms, and then invest that money in bonds of emerging countries such as India in rupee terms to earn a higher rate of interest.

### What happens when US Fed increases interest rates?

- When the US Federal Reserve (Fed) **increases** its interest rates, the **difference between the interest rates of the two countries reduces** (known as **interest rate differential**), thus making India less attractive for foreign investors.
- It results in **outflow of foreign investments from India and other emerging economies**.
  - As investors pull out money, the demand for the US dollar increases, causing the **Indian rupee to weaken**.
  - A weaker rupee **increases the cost of imports like crude oil, contributing to inflationary pressures** in India.
  - Higher US rates make it **more expensive for Indian companies with dollar-denominated debt to repay loans**, impacting their balance sheets.
  - Global investors rebalancing their portfolios in response to Fed rate hikes can lead to **volatility in Indian stock markets**.

### When US Fed reduces interest rates?

- Similarly, when the US Federal Reserve **decreases** its interest rates, the **interest rate differential widens** resulting in capital inflows into emerging markets like India, as investors seek higher returns.
- Increased capital inflows can lead to an **appreciation of the Indian rupee, making imports cheaper and reducing inflationary pressures**.

### Measures to create Macroeconomic Resilience

India's economic vulnerability to US Fed decisions can create significant fluctuations in capital flows, currency valuation, and inflation. This can be reduced by implementing following measures:

- Strengthening macroeconomic fundamentals and boosting domestic growth** through structural reforms, promoting innovation, and improving productivity can **reduce reliance on external factors**.
- Expanding trade relations** with multiple countries and regions can reduce India's dependency on the US and mitigate the impact of Fed decisions on exports and imports.
- Maintaining a **healthy level of foreign exchange reserves** can help India manage currency volatility and defend the rupee against sharp depreciation due to US rate hikes.



4. **Encouraging foreign direct investment (FDI) in long-term projects and improving the business environment** can attract stable capital, less prone to short-term volatility driven by Fed rate changes.
5. **Expanding India's export base** by improving competitiveness and entering new markets can strengthen the current account balance, making the economy less vulnerable to global financial shocks.
6. **Expanding domestic capital markets**, reducing reliance on foreign portfolio investments, and encouraging Indian companies to raise capital locally will **reduce exposure to foreign capital flows**.
7. Promoting instruments like **Masala Bonds** can help Indian companies reduce foreign currency borrowing, especially in USD, minimizing the impact of US interest rate hikes on debt repayments.
8. **Promoting the Indian rupee** for international trade and financial transactions can reduce dependence on the US dollar and lessen the impact of Fed rate changes.

### Conclusion

- Ultimately, India's economic vulnerability to US Fed decisions can be mitigated through the **internationalization of the Indian rupee**. By encouraging the rupee's use in global trade and investment, India can decrease its dependence on the US dollar and protect its economy from external shocks. This would strengthen economic stability, promote long-term growth, and enhance resilience against global financial market fluctuations.





## RELATED PYQS

- 1) "If the last few decades were of Asia's growth story, the next few are expected to be of Africa's." In the light of this statement, examine India's influence in Africa in recent years. (2021)
- 2) Increasing interest of India in Africa has its pro and cons. Critically Examine. (2015)
- 3) Do you think India will meet 50 percent of its energy needs from renewable energy by 2030 ? Justify your answer. How will the shift of subsidies from fossil fuels to renewables help achieve the above objective ? Explain. (2022)





## PRACTICE QUESTIONS

1. While the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is a landmark initiative, certain gaps prevent it from fully realizing its legislative intent. Discuss.
2. The National Education Policy 2020 has set an ambitious target of achieving universal foundational literacy and numeracy (FLN) for all children in the country. Assess the progress made towards attaining this stated goal.
3. Assess the evolution of India–Africa relations over the past decade. Suggest a strategic roadmap for a future-oriented 'next chapter' for this partnership.
4. The recent consideration by a major nuclear power to resume nuclear testing, after a decades-long moratorium, threatens to undermine the global nuclear order. Discuss.
5. The Gram Sabha, as envisaged under Article 243A, is the bedrock of participatory democracy in India. However, its potential remains largely unrealized. In this context, discuss the significance of the recently launched 'Model Youth Gram Sabha' initiative.
6. The Indian IT sector is currently undergoing a 'profound structural metamorphosis'. Critically examine the challenges posed by this technological shift to the Indian workforce and suggest measures for a just transition towards a future-ready IT industry.
7. Despite a significant increase in the installed capacity of renewable energy, India's grid emission factor (GEF) has been rising. Examine the causes behind this paradox and suggest measures to genuinely decarbonize the country's power sector.
8. The Household Income Survey (HIS) 2026 is a landmark initiative aimed at bridging critical data gaps in India's economic landscape. Examine the potential transformative impact of the survey on evidence-based policymaking.
9. Assess the potential of Universal Basic Income (UBI) as a strategic tool to address the challenges of inequality, technological unemployment, and inefficient welfare delivery in India.
10. Examine how the shift from traditional animal-based proteins to smart proteins can address the twin challenges of nutritional security and environmental sustainability.
11. India's Flexible Inflation Targeting (FIT) framework is due for a review in March 2026. In this context, do you think India should revise inflation targets and measurement metrics? Substantiate your answer.
12. Delhi's air pollution stems from a complex interplay of geography, weather, and human activity. Despite being a known problem with known solutions, the crisis persists. Discuss the reasons.
13. India's food system presents a paradox of surplus in cereals alongside import dependence for pulses and edible oils. Analyze the factors responsible for this imbalance and suggest measures to address it.
14. Examine the key reasons why coal continues to be a mainstay in the global energy mix, despite the rapid advancement of clean energy technologies.



15. While being a vital sector for food security and livelihoods, India's fisheries and aquaculture industry faces multiple constraints. Discuss the government initiatives to overcome these hurdles.
16. India's groundwater contamination crisis is a silent but persistent threat. Analyse how groundwater depletion and other factors contribute to this crisis. Also suggest measures for improvement.
17. A depreciating rupee is often viewed negatively. However, it is also a blessing in disguise in many ways. Elaborate.
18. Analyse the impact of US Fed rate changes on emerging markets like India. Discuss the strategies India can adopt to mitigate its susceptibility to these hikes and enhance its macroeconomic resilience.
19. "The recent historic low inflation reading in India highlights more the shortcomings of the current CPI methodology than a structural victory over price rise." Critically examine this statement in the context of the need for revising India's official inflation measure.

