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Features :

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Most complete coverage of major
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Budget makes good moves on the textile economy

UPSC Syllabus: GS Paper-3- Indian Economy

Introduction

The Union Budget 2026–27 places textiles back at the centre of economic growth, jobs, and exports. It shifts policy from scattered support to a full value-chain approach. The focus moves from only increasing output to strengthening fibres, clusters, skills, sustainability, and infrastructure. The Budget signals intent to modernise the sector while supporting artisans and rural livelihoods. It raises a key issue on whether India can also capture higher value.

Current Status of the Indian Textile Sector

1. **Economic contribution and scale:** Textiles contribute **2.3% of GDP**, **13% of industrial output**, and **12% of total exports**. It covers fibres, yarns, fabrics, and apparel across organised and unorganised segments.

2. **Employment generation:** The sector provides direct and indirect jobs to **over 45 million people**. It remains one of the largest employment generators, especially for women and rural workers.

3. **Growth and export potential:** The sector is expected to grow at **10% annually** and reach **$350 billion** by **2030**. Export potential is projected at **$100 billion**, driven by apparel, MMF, and technical textiles.

4. **Structural diversity:** India's strength lies in both mechanised mills and traditional crafts. Handloom, khadi, and handicrafts sustain large rural ecosystems alongside modern factories.

Budget 2026 Initiatives to Strengthen the Indian Textile Sector

1. **Shift to an integrated policy framework:** Budget 2026 treats textiles as a full value chain, not as isolated segments. Fibre supply, production, skills, artisans, sustainability, and exports are addressed together.

2. **National Fibre Scheme:** The scheme aims to ensure reliable availability of natural and new industrial fibres. It focuses on self-reliance and reducing raw-material cost pressures faced by manufacturers.

3. **Textile Expansion and Employment Scheme:** This scheme targets modernisation of traditional textile clusters. It provides capital support, technology upgrades, and access to common testing and processing facilities.

4. **National Handloom and Handicraft Programme:** Multiple existing schemes are merged into one consolidated programme. This simplifies implementation and improves support for artisans through training and market linkage.

5. **Mahatma Gandhi Gram Swaraj Initiative:** The initiative strengthens khadi, handloom, and handicrafts. It focuses on better branding, improved market access, and skill training for rural producers.

6. **Samarth 2.0 for skill development:** Samarth 2.0 upgrades workforce skills through industry–academia collaboration. It aims to align training with modern production needs and new textile segments.

7. **Tex-ECON initiative for sustainability:** Tex-ECON promotes environmentally responsible textile production. It encourages cleaner processes and supports the shift towards sustainable textiles.

8. **Mega textile parks in challenge mode:** New textile parks aim to improve scale and logistics efficiency. They support integrated manufacturing and higher value addition, especially in technical textiles.

9. **Push for technical textiles and MMF apparel:** The Budget lowers entry barriers through duty exemptions on specialised machinery. It seeks to reduce import dependence and expand exports in high-growth segments.

10. **Higher budgetary allocation:** The nearly **7% rise** in the Textiles Ministry allocation signals long-term policy commitment. It supports smoother implementation of existing schemes during global uncertainty.

Major Concerns in Strengthening the Indian Textile Sector

1. **Low value capture in global markets:** India exports large textile volumes but remains in low-margin segments. Budget 2026 focuses on production and scale, while design education, brand ownership, trend intelligence, and creative leadership receive little policy attention.

2. **Skilling limited to operational roles:** Samarth 2.0 focuses on shop-floor skills. Creative, managerial, and system-level capabilities remain underdeveloped.

3. **Artisan income insecurity:** Market access improves visibility but not pricing power. Fragmented supply chains and weak bargaining persist.

4. **SME access to finance:** Many small and household units remain outside formal systems. This limits access to credit and government support.

5. **Environmental challenges:** Wet processing is energy- and water-intensive. Dyeing alone uses **43% of total sector energy** and causes pollution.

6. **Global trade uncertainty:** Exporters face tariff pressures and strong competition from Bangladesh and Vietnam. Compliance norms are also tightening.

Way Forward

1. **Shift focus from volume to value:** Policy must support design, branding, and creative authorship. This is key to moving up the global value chain.

2. **Strengthen artisan protections:** Assured procurement, transparent pricing, and quality certification are needed. Direct market platforms can improve income security.

3. **Expand skill definition:** Skilling must include design, sustainability standards, and digital tools. This helps meet changing global demand.

4. **Promote green infrastructure:** Common boilers and shared facilities can cut pollution. Cluster-level solutions improve efficiency and compliance.

5. **Use trade openings strategically:** New trade agreements offer access. Competitiveness will depend on standards, branding, and differentiation.

Conclusion

Budget 2026 marks a clear shift in textile policy towards integration and long-term thinking. It strengthens fibres, infrastructure, skills, and rural livelihoods. Yet, production-led growth alone is not enough. Future success depends on value creation, artisan security, creative capacity, and sustainability. If these gaps are addressed, textiles can deliver not only exports and jobs, but dignity and global leadership.

Question for practice:

Examine how Budget 2026 seeks to strengthen the Indian textile sector and why challenges of value capture and competitiveness still remain.
Source: Indian Express

EU, US deals connect India to world's largest markets, open new trade vistas

UPSC Syllabus: GS Paper-2- International Relations
Introduction

India's recent trade engagements with the European Union and the United States reflect an evolution in India's trade negotiation strategy. While engaging in long bilateral negotiations, India has remained firm on protecting agriculture, dairy, MSMEs, and small farmers. This approach is supported by India's transition into a market-driven economy, strengthened by reforms in governance, regulation, and market infrastructure. Against this backdrop, the EU and US deals connect India to the world's largest markets while balancing domestic priorities with global integration.

Comparing the EU and US Trade Engagements

1. **Common protective approach:** In both trade engagements, India safeguarded sensitive agriculture and dairy sectors, ensuring domestic farmers and producers were not exposed to import pressure.

2. **Flexibility beyond tariffs:** Both the EU and the US showed willingness to engage on non-tariff barriers and digital trade, indicating a broader and strategic trade engagement.

3. **Key negotiation differences:** The EU talks involved issues like CBAM and stronger labour mobility provisions, while these concerns did not feature in the US interim deal.

4. **Nature and context of agreements:** The EU agreement is a comprehensive FTA, whereas the US arrangement is an interim deal shaped by evolving geopolitical realities.

EU FTA Benefits

1. **Unprecedented goods market access:** India secured access for over 99 % of its exports by trade value to the EU, strengthening manufacturing and export competitiveness.

2. **Boost to Make in India:** Preferential access integrates Indian producers into EU value chains, reinforcing domestic manufacturing expansion.

3. **Services and skilled mobility gains:** High-value services commitments are supported by a comprehensive mobility framework enabling smooth movement of skilled Indian professionals.

4. **Labour-intensive sector advantage:** Around $75 billion of Indian exports are positioned for growth, with $33 billion in labour-intensive sectors expected to benefit significantly.

For detailed information on **India's Growing Engagement with European Union** read this article here

US Interim Trade Deal and its Benefits

1. **Geopolitical context and sequencing:** The US deal emerged from shifting geopolitical realities and followed major agreements with the EU and UK, reflecting India's calibrated diplomacy.

2. **Managing tariff-related concerns:** Even with an 18 per cent tariff, India's gap from Most-Favoured-Nation (MFN) average tariffs remains among the lowest relative to peers.

3. **Export resilience despite tariffs:** In the first nine months of FY26, exports of goods and services grew by 4.3 per cent, nearly matching a no-tariff scenario.

4. **Energy import flexibility and inflation control:** Replacing Russian crude with Venezuelan heavy crude (Merey 16) can still provide discounts of $10–12 per barrel, saving up to $3 billion on the import bill and limiting inflationary impact.

5. **Sectoral openings and future pathway:** The deal opens a $118 billion textiles and apparel market and removes the 25 per cent penalty on Russian oil imports. It also serves as a step toward a full Bilateral Trade Agreement with further tariff reductions.

Impact of India's EU and US Trade Engagements

1. **Agri and food imports with safeguards:** India will reduce or eliminate tariffs on select US industrial and agri goods while protecting the broader domestic market.

2. **Soyabean oil and consumer benefit:** India remains the largest global importer of soyabean oil, with the US contributing only 3 per cent of $4.3 billion imports in Apr–Nov FY25, making tariff reduction economically beneficial.

3. **Tree nuts and fruit imports:** Lower duties on almonds, walnuts, pistachios, and cranberries benefit consumers, as domestic production is limited and demand is high.

4. **Chemical and pharmaceutical export gains:**

- India has a revealed comparative advantage in chemicals and pharmaceuticals, where China and Singapore hold higher shares in US imports.

- Capturing a 2 per cent share from them could add 0.2 per cent to GDP, while gaining an additional 1 per cent share from Japan, Malaysia, and South Korea could add another 0.1 per cent.

5. **Apparel export expansion:** India's 6 per cent share in US apparel imports could rise by 5 per cent, adding another 0.1 per cent to GDP.

6. **Import diversification strategy:** Planned $500 billion imports from the US over five years will diversify capital goods sourcing away from China.

Conclusion

The EU FTA and the US interim deal signal a new phase in India's trade journey. India balances domestic protection with global opportunity while responding to consumer-driven markets. By negotiating on its own pace and terms, India strengthens exports, diversifies imports, and positions itself as a central player in the evolving trade order.

Question for practice:

Critically examine how India's trade engagements with the European Union and the United States reflect an evolution in its negotiation strategy and reshape its position in global markets.
Source: Indian Express

A social media ban will not save our children

GS Paper II: Governance, Social Justice and Education
GS Paper I: Society

Context: In response to growing concerns over **mental health issues, cyberbullying, addiction, and exposure to harmful content among children,** several governments worldwide are considering or **implementing blanket bans or strict age-based restrictions on social media for minors.** Such bans are **simplistic and ineffective,** failing to address deeper structural and social issues affecting children in the digital age.

- Social media has become an integral part of children's **socialisation, learning,** and **self-expression.**
- The debate has shifted from **regulation and safety** to outright **prohibition,** driven by moral panic rather than evidence.
- **Technology itself is not the primary threat;** rather, **lack of digital literacy, weak regulation,** and **inadequate parental and** institutional support are the real problems.

Key Challenges with Ban on Social Media for Children

- False Sense of Safety
    - Bans create an illusion of protection without addressing **online harms that persist outside social media,** such as gaming platforms, messaging apps, and the dark web.
    - Children often bypass bans using **fake ages or VPNs.**
- Ignoring Structural Causes
    - Mental health crises among children stem from **academic pressure, family stress, social inequality, and lack of counselling,** not just social media.
    - Singling out social media oversimplifies a **multi-causal problem.**
- Exclusion from Digital Citizenship

    - A blanket ban deprives children of opportunities to develop **critical thinking, online etiquette,** and **digital resilience.**
    - This weakens their ability to navigate the internet safely as adults.
- Weak Regulatory Ecosystem
    - The focus on bans diverts attention from:
        - **Platform accountability**
        - **Algorithmic transparency**
        - **Data protection and child-friendly design**
- Enforcement and Equity Issues
    - Such bans disproportionately affect **children from poorer households** who rely on digital platforms for learning and social connection.
    - Enforcement is **arbitrary** and often **discriminatory.**

Way Forward for Social Media usage for Children

- Strengthen Child-Centric Regulation
    - Mandate robust **age-appropriate design codes,** safer algorithms, and default privacy settings for minors.
    - Enforce **accountability on platforms** for harmful content and addictive design.
- Digital Literacy and Life Skills
    - Integrate **digital literacy, media awareness, and mental health education** into school curricula.
    - Focus on teaching children how to **engage safely,** not avoid technology.
- Parental and Community Engagement
    - Equip parents with tools and awareness to guide children's online behaviour.
    - Promote **open conversations** rather than surveillance or coercion.
- Strengthen Mental Health Infrastructure
    - Expand access to **school counsellors, helplines,** and **adolescent mental health services.**
    - Address offline stressors such as academic pressure and social isolation.
- Evidence-Based Policymaking
    - Frame policies based on **research and child psychology,** not moral panic or populist responses.
    - Encourage continuous **review of digital policies as technologies evolve.**

Conclusion

Banning social media may appear decisive, but it is a **policy shortcut** that ignores the complex realities of childhood in a digital world. Protecting children requires **smart regulation, education, mental health support, and shared responsibility,** not blunt prohibitions. As the editorial argues, the goal should be to **empower children as safe and informed digital citizens,** not isolate them from the digital society they must inevitably navigate.

Source: The Hindu

Myanmar's military-scripted polls, India's strategic bind

GS Paper II – International Relations

Context: Myanmar's military junta has announced plans to conduct **elections under a tightly controlled framework**, nearly five years after the 2021 coup that overthrew the elected civilian government. The move seeks to gain **domestic legitimacy and international acceptance**, even as violence, repression, and civil conflict persist. For India, this creates a **strategic dilemma** between supporting democratic values and safeguarding geopolitical and security interests in its neighbourhood.

About the Myanmar Elections

- The proposed elections are being **scripted by the military**, with opposition parties dismantled, leaders jailed, and civil liberties curtailed.
- The polls aim to provide a **veneer of legitimacy** to continued military rule rather than restore genuine democracy.
- India shares a **1,600 km porous border** with Myanmar, making stability there crucial for internal security and regional connectivity.
- China's deepening influence in Myanmar further complicates India's strategic calculus.

Challenges for India created by the Myanmar Election

- **Democracy vs Realpolitik**
    - Supporting the junta risks **undermining India's democratic credentials**.
    - Open opposition may push Myanmar further into **China's strategic orbit**.
- **Border Security Concerns**
    - Ongoing conflict has led to **refugee inflows**, arms trafficking, and insurgent movement across the India–Myanmar border.
    - Instability affects India's **Northeast security architecture**.
- **Weak Regional Consensus**
    - ASEAN's divided response limits multilateral pressure on the junta.
    - India lacks strong regional mechanisms to influence outcomes.
- **Connectivity and Act East Setback:** Projects like the **Kaladan Multimodal Transit Transport Project** and India–Myanmar–Thailand Trilateral Highway face delays due to unrest.
- **Limited Diplomatic Leverage:** India's influence over Myanmar's military leadership remains constrained compared to China.

Way Forward

- **Principled Pragmatism:** Maintain engagement with Myanmar while **clearly articulating support for inclusive and credible political processes**.
- **Support Regional Diplomacy:** Work closely with **ASEAN** to push for dialogue, ceasefire, and humanitarian access.
- **Focus on Border Management:** Strengthen border infrastructure, intelligence sharing, and humanitarian assistance for refugees.
- **Diversify Engagement:** Engage civil society, ethnic groups, and democratic stakeholders alongside official channels.
- **Counterbalance External Influence:** Expand economic, development, and people-to-people ties to prevent **strategic overdependence on China**.

Conclusion

Myanmar's military-scripted elections are unlikely to restore democracy but may entrench authoritarian rule. For India, the challenge lies in navigating a **delicate balance between democratic values and strategic necessities**. A calibrated policy—combining engagement, regional cooperation, and principled pressure—offers the most sustainable path to protect India's long-term interests while supporting stability and democratic aspirations in its neighbourhood.

Source: The Hindu

A chance for India to polish the Kimberley Process

UPSC Syllabus: Gs Paper 2- International Relation
Introduction

India's assumption of the Kimberley Process chairmanship in 2026 offers a rare opportunity to reform a key global mechanism governing the trade in conflict diamonds. With its central role in the global diamond value chain, India is well placed to address long-standing gaps in definition, enforcement, and transparency within the Process. At the same time, India's diplomatic engagement with Malaysia reflects a broader effort to support its reform agenda through stable regional and multilateral partnerships.

What is the Kimberley Process?

1. **Origin and purpose:** The KP began in May 2000 when southern African countries started talks to stop the trade of conflict diamonds used by rebel groups to threaten governments.
2. **Kimberley Process Certification Scheme (KPCS):** In 2003, negotiations with 37 signatories created the KPCS to certify rough diamonds and block conflict-linked trade.
3. **Membership and global coverage:** The KP now has 60 participants representing 86 countries and covers about **99.8% of global rough diamond production**.
4. **Operational rules:** Rough diamonds can be traded only between KP-compliant members, with each shipment carrying a verified KP certificate.
5. **Data-sharing requirement:** Members must share timely and accurate data on diamond production and trade to maintain transparency.

India and the Kimberley Process

1. **India's chairmanship in 2026:** India's leadership role gives it influence to guide reforms in global diamond governance.

1. **India's position in the diamond value chain:** India is not a producer but imports around **40% of global rough diamonds** by quantity and value.
2. **Cutting and polishing hub:** Surat and Mumbai are global centres for diamond cutting and polishing, making India central to value addition.
3. **Major export destinations:** India re-exports polished diamonds to China, Hong Kong, Israel, the United Arab Emirates, and the United States.

4. **Strategic leverage:** India's central role in processing gives it strong influence within the KP despite limited domestic production.

Key Challenges within the Kimberley Process

1. **Narrow definition of conflict diamonds:** The KP definition focuses only on rebel funding and ignores state violence, human rights abuses, and environmental harm.
2. **Blind spots in governance:** Issues like human trafficking, artisanal mining abuses, and illicit trade channels fall outside the current scope.
3. **Consensus-based decision-making:** Any decision can be blocked by political veto, making it hard to formally identify conflict diamonds.
4. **Weak enforcement outcomes:** The KP lacks clarity on action after identifying conflict diamonds, reducing deterrence.
5. **Impact of embargoes:** The Central African Republic case shows that bans without support increase smuggling and violence.
6. **Community protection gap:** There is no agreement on whether the KP should address state-linked violence affecting mining communities.

India's Reform Agenda within the Kimberley Process

1. **Broadening the agenda carefully:** India can form a technical working group on violence and human rights risks beyond rebel insurgencies.
2. **Consensus-building approach:** Recommendations from this group can prepare ground for reform without reopening political conflicts.
3. **Digital certification systems:** India can promote tamper-proof digital KP certificates and harmonised customs data exchange.
4. **Blockchain-based traceability:** Unique, time-stamped digital records for shipments can reduce fraud and improve transparency.
5. **Support for producer countries:** Regional KP technical hubs in central and eastern Africa can provide training and certification support.
6. **Institutional transparency:** India can push for third-party audits and full public release of detailed KP statistics.
7. **Strengthening civil society role:** Open communication channels can preserve the tripartite balance of governments, industry, and civil society.

Way Forward

1. **Reforming the scope of conflict diamonds:** India can push the Kimberley Process to gradually address violence and human rights risks beyond rebel financing, without reopening political deadlocks.
2. **Using technology to strengthen certification:** Digital, tamper-proof KP certificates and harmonised customs data exchange can reduce fraud and improve transparency across the diamond supply chain.
3. **Modernising traceability systems:** Blockchain-based, time-stamped shipment records can create immutable audit trails and strengthen trust in KP compliance.
4. **Supporting producer countries through capacity-building:** Regional KP technical hubs in central and eastern Africa can provide training, IT support, certification help, and forensic capacity.
5. **Improving transparency and accountability:** Independent audits and full public release of detailed KP statistics can improve confidence in the system.
6. **Keeping the tripartite balance intact:** Strong civil society participation should remain central to ensure credibility and oversight.
7. **Linking diamond trade with community development:** KP reforms should recognise diamonds as a livelihood source and align revenues with health, education, and local infrastructure needs.
8. **Diplomatic support for reform leadership:** Stable regional ties, including improved engagement with Malaysia, can help India sustain its leadership role in global diamond governance.

Conclusion

India's chairmanship of the Kimberley Process provides a timely chance to strengthen a system that has struggled to keep pace with evolving forms of violence and illicit trade. By promoting technological solutions, capacity-building, and inclusive governance, India can help restore the Process's credibility and effectiveness. Supported by steady regional diplomacy, including improved ties with Malaysia, this approach positions India as a constructive reform leader in global economic governance.

Question for practice:

Discuss how India's chairmanship of the Kimberley Process in 2026 provides an opportunity to reform global diamond governance while addressing its structural limitations and advancing responsible trade practices.

Source: The Hindu

Back on track: On Malaysia–India ties

UPSC Syllabus: Gs Paper 2- International Relations

Introduction

India–Malaysia relations entered a phase of correction after diplomatic unease in 2025. Prime Minister **Narendra Modi**'s February 2026 visit to Kuala Lumpur signalled intent to restore trust and momentum. The visit focused on repairing political confidence, strengthening economic cooperation, and reaffirming shared positions on terrorism, the Indo-Pacific, and multilateral reforms, while carefully avoiding public discussion of contentious issues.

Historical and Institutional Foundations of the Relationship

1. **Civilisational links:** India and Malaysia share civilisational connections spanning over two millennia, shaped by Indian Ocean trade, religion, language, and cultural exchange. Sanskrit influences and Hindu-Buddhist traditions are visible in Malaysia's historical evolution.

2. **Diplomatic continuity:** Modern diplomatic relations were established in 1957, soon after India's independence, and have seen sustained political engagement. The relationship was elevated to a Comprehensive Strategic Partnership in August 2024.

3. **Institutional framework:** Regular Foreign Office Consultations, Joint Commission Meetings, and parliamentary exchanges provide structure and continuity to bilateral relations.

Sources of Friction in India–Malaysia Relations

1. **Security-related divergence in 2025:** While Malaysia condemned the Pahalgam terror attacks, Prime Minister **Anwar Ibrahim**'s call for enquiry, de-escalation, and mediation on India–Pakistan issues caused discomfort in New Delhi.

2. **Pakistan outreach concerns:** Malaysia's hosting of Pakistan Prime Minister Shahbaz Sharif in October 2025 added to Indian unease during a sensitive period.

3. **Trade and ASEAN-related strain:** India's absence from the ASEAN summit in 2025 weakened momentum on reviewing the ASEAN–India Trade in Goods Agreement. Critical remarks by India's Commerce Minister on the agreement and ASEAN partners further affected goodwill.

Key Outcomes and Agreements of the 2026 Visit

1. Repairing Trust Through Engagement

a. **Diplomatic reset:** India chose to set aside past irritants to rebuild trust. Malaysia became India's first foreign destination in 2026, signalling priority and reassurance.

b. **Convergence on terrorism:** Both sides unequivocally condemned terrorism, including cross-border terrorism. They agreed on zero tolerance, intelligence sharing, and coordination at the United Nations and the Financial Action Task Force.

c. **Signing of multiple agreements:** A total of 11 agreements and documents were concluded, covering trade, defence, energy, digital cooperation, and advanced manufacturing.

2. New and Emerging Areas of Cooperation

a. **Semiconductor cooperation:** A framework agreement strengthened collaboration in semiconductors, building on links between IIT Madras Global and Malaysia's Advanced Semiconductor Academy, with focus on workforce and supply chains.

b. **Trade, investment, and industry links:** Both sides committed to expanding trade and investment in infrastructure, advanced manufacturing, healthcare, and green technologies. The CEO Forum highlighted new business opportunities.

c. **Local currency trade settlement:** India and Malaysia promoted use of the Indian Rupee and Malaysian Ringgit for bilateral trade, aiming to reduce transaction costs and deepen financial cooperation.

d. **Energy and sustainability:** Cooperation expanded in renewable energy and green hydrogen, with Malaysian firms already active in India's clean energy landscape.

3. Defence, Security, and Indo-Pacific Cooperation

a. **Strengthening defence ties:** Regular military exercises, defence exchanges, and cooperation through the Malaysia–India Defence Cooperation Committee were reaffirmed.

b. **Counter-terrorism and maritime security:** Both sides agreed to deepen intelligence sharing, counter-radicalisation efforts, and maritime cooperation in the Indo-Pacific.

c. **ASEAN centrality and Indo-Pacific vision:** India reiterated support for ASEAN centrality and committed to a free, open, and stable Indo-Pacific, aligning with Malaysia's regional outlook.

4. Multilateral and Regional Dimensions

a. **United Nations and institutional reform:** Malaysia extended support for India's permanent membership in a reformed UNSC. Both sides backed reforms to make global institutions more representative.

b. **BRICS engagement:** India noted Malaysia's aspiration to join BRICS and welcomed its role as a partner country, while maintaining a calibrated position.

c. **ASEAN and regional balance:** The visit reassured Southeast Asia of India's continued engagement even as New Delhi advances trade agreements with Europe and the United States.

5. People Connect

a. Diaspora engagement: Meetings with Indian-origin political leaders highlighted their role in strengthening bilateral ties.

b. Education and mobility: Both sides promoted cooperation in education, skills, tourism, and people-to-people exchanges.

c. Institutional presence: India announced the establishment of an Indian Consulate General in Malaysia to support growing engagement.

Significance for India's Foreign Policy

1. **Act East Policy reaffirmed:** The visit underlined India's commitment to Southeast Asia despite earlier setbacks and broader global trade shifts.

2. **Pragmatic diplomacy:** By avoiding public disputes and focusing on shared interests, India demonstrated flexibility and strategic patience.

3. **Regional stability focus:** Emphasis on terrorism, maritime security, and multilateral cooperation aligned India's regional goals with broader Indo-Pacific stability.

Conclusion

The visit marked a careful course correction rather than a full reset. By restoring political trust, expanding economic cooperation, and aligning on security and multilateral issues, India and Malaysia placed their partnership back on a stable track. Sustained follow-up on trade reviews, semiconductor cooperation, and ASEAN engagement will determine whether this renewed momentum translates into long-term strategic convergence.

Question for practice:

Evaluate the significance of Prime Minister Narendra Modi's February 2026 visit to Malaysia in resetting bilateral ties and advancing India's strategic interests in Southeast Asia.
Source: The Hindu

Industrial Relations Code must balance job security in the AI era

Source: *The Hindu* Editorial, "Industrial Relations Code must balance job security in the AI era", published on 10 February 2026. The article examines the implications of the Industrial Relations Code in the context of rapid AI-driven technological change and its impact on employment and labour protections.

UPSC Syllabus- GS Paper II: Governance; Social Justice; Labour Policies.

Context: The Union government has notified the rollout of the four Labour Codes, including the Industrial Relations Code (IRC), 2020, which will come into force from 21 November 2025 and be fully implemented by April 2026, bringing major changes to employment security norms for industrial workers.

Key Issues Highlighted

Source: The Hindu

- **Higher Job-Security Threshold:** The IRC raises the threshold for mandatory government approval for layoffs, retrenchment, and closure from 100 to 300 workers, institutionalising greater operational flexibility already adopted by several states.
- **Dilution of Historical Safeguards:** Employment-protection thresholds, introduced during the Emergency to prevent mass layoffs amid economic or technological shocks, are now being relaxed, raising concerns about worker vulnerability.
- **AI-Driven Employment Risks:** Automation and AI are increasingly displacing not only routine work but also skilled and supervisory roles, making reduced job-security norms a potential source of heightened precarity.
- **Limited Worker Coverage:** The IRC's narrow definition of "worker" excludes managerial and higher-paid supervisory staff, leaving many formal-sector employees, especially in IT and services, outside job-security protections.
- **Pro-Business Policy Tilt:** The revised threshold reflects a shift towards a business-friendly labour framework, with some states expanding coverage selectively to maintain industrial stability.
- **Re-Skilling Support Mechanism:** The Code mandates a Worker Re-Skilling Fund, funded by employers, to aid retrenched workers in skill upgradation and re-employment in a technology-intensive economy.
- **Unclear Employment Relationships:** Lack of precise statutory criteria to define employer–employee relationships, coupled with varied judicial interpretations, creates uncertainty in extending labour protections in evolving work arrangements.

Challenges associated with job security in the AI era

- **Erosion of Job Security:** Higher thresholds and relaxed hiring–firing norms may weaken protections for workers in medium-sized enterprises, particularly during AI-led restructuring.

- **Worker Displacement and Skill Mismatch:** Automation may render many jobs obsolete, while existing laws offer limited support for reskilling, income security, and smooth transitions.
- **Weakening of Collective Bargaining:** New strike and dispute norms, combined with digital workplaces, risk reducing trade union influence in the AI era.
- **Gig and Informal Employment:** Despite partial recognition, job security and enforceable entitlements for gig and platform workers remain inadequate amid rapid technological change.

Way Forward

- **Balance Flexibility with Security:** Adopt a **flexicurity approach**, combining labour-market flexibility with strong social security and transition support.
- **Reskilling and Lifelong Learning:** Establish robust, government–industry-led frameworks for continuous upskilling and career transitions in AI-augmented roles.
- **Inclusive Social Dialogue:** Institutionalise **tripartite consultations** among government, employers, and workers to manage automation-related disruptions and sustain industrial harmony.
- **Adaptive Legal Frameworks:** Regularly update labour laws to address emerging challenges such as **algorithmic management, AI-driven layoffs, and digital workplace governance**.

Conclusion

The Industrial Relations Code marks a major shift in India's labour regulatory framework. However, in an era defined by AI and automation, regulatory flexibility alone is insufficient. Ensuring **job security, effective reskilling, and social protection** alongside industrial competitiveness is essential. A balanced and forward-looking approach will help safeguard workers' interests while enabling innovation, thereby promoting **inclusive and sustainable economic growth**.

Question: Does the Industrial Relations Code, 2020 adequately balance job security with labour-market flexibility in the AI era? Examine.

A social media ban will not save our children

Source: *The Hindu* Editorial, **"A social media ban will not save our children"**, published in **February 2026**. The article analyses the Ghaziabad tragedy and critically evaluates global and domestic calls for banning social media for children, arguing for regulation over prohibition.

UPSC Syllabus: GS Paper II: Governance, Social Justice and GS Paper I: Society – Youth, Social Issues

Context: On February 4, 2026, the suicide of three sisters aged 12, 14, and 16 in Ghaziabad, Uttar Pradesh, reportedly linked to screen addiction and parental conflict, triggered nationwide outrage. The tragedy has renewed demands for a blanket ban on social media for children, with policymakers citing global examples such as Australia and Spain.

About the Issue

- There is credible global evidence showing a **link between heavy social media use and adolescent mental health issues**, including anxiety, depression, self-harm, and body image concerns, especially among teenage girls.

- However, translating these concerns into **blanket bans** reflects a moral panic response rather than a nuanced policy solution.

Challenges Associated with Social Media Bans in India

- **Poor Enforceability & Higher Risks:** Bans are easily bypassed through VPNs or false age declarations, often pushing children to unregulated and unsafe digital spaces; mandatory age checks may also enable mass surveillance.
- **Mismatch with Adolescent Needs:** Social media acts as a vital support and identity space for rural youth, the urban poor, LGBTQ+ adolescents, and children with disabilities.
- **Democratic Deficit:** Children are rarely consulted in digital policy decisions, weakening participatory governance and policy effectiveness.
- **Worsening Gender Divide:** With low female internet access, age-based bans risk disproportionately excluding girls, limiting education, exposure, and social mobility.

Global Responses and Moral Panic: Australia has introduced a prohibition on social media access for users below 16 years on major platforms, backed by mandatory age-verification mechanisms and heavy financial penalties, while Spain has announced similar plans to adopt such restrictions.

Way Forward

- **Shift from Bans to Regulation:** Move away from censorship and takedown-centric approaches towards regulating platform design and power.
- **Duty of Care Framework:** Enforce child-safety obligations on platforms, supported by penalties and strong digital competition laws.
- **Evidence-Based & Inclusive Policy:** Invest in India-specific research and actively involve children in policymaking.
- **Technology-Neutral Regulation:** Address child safety consistently across social media and AI systems, including generative and conversational tools.

Conclusion

A social media ban may offer the **illusion of swift action**, but it risks undermining children's rights, safety, and future opportunities—especially for girls and marginalised groups. Protecting children in the digital age requires the harder task of building a **healthy media ecosystem**, grounded in regulation, accountability, research, and participation.

Question: Critically analyse the challenges associated with imposing social media bans on children in India. Suggest alternative regulatory approaches to protect children's well-being in the digital age.

The Approaching AI Surge, Its Global Consequences

UPSC Syllabus Topic: GS Paper3- Science and Technology- developments and their applications and effects in everyday life.

Introduction

Artificial Intelligence is emerging as the most decisive technology of our time. Its impact is comparable to the Industrial Revolution. Large Language Models are advancing at great speed, and rivalry between major powers is accelerating innovation. Yet global discussions on geopolitical rupture often overlook AI. The technology is already reshaping diplomacy, governance, and warfare. Its unchecked growth may fundamentally disturb the present international order.

The Rise of Artificial Intelligence as a Transformative Force

1. **AI as a Civilisational Shift:** AI promises transformation on a scale comparable to past revolutions. Its expansion signals a deep structural change in global systems.

2. **Rapid Expansion of Large Language Models:** Advanced LLMs are being deployed faster than expected. The success of recent Chinese models has intensified competition.

3. **Technological Rivalry Among Major Powers:** Competition between the United States and China has become intense. This rivalry is driving rapid AI development.

4. **AI as the Overlooked Disruptor:** The global order is described as facing rupture. However, AI remains the deeper force capable of overturning it.

5. **Limited Political Awareness:** Many leaders underestimate the scale of AI's disruption. The seriousness of the threat is not fully realised.

Global Consequences of the AI Surge

1. **AI as an Instrument of Diplomacy and Statecraft:** AI is already used as a diplomatic tool. Nations are urged to build resilience and sovereign stacks.

2. **Global Debate Focused on Opportunity, Not Risk:** Discussions at the World Economic Forum centred on how countries could exploit AI. The dangers of unchecked AI received limited attention.

3. **Strategic Competition Reflected in National Positions:** Ashwini Vaishnaw rejected the idea that India is a secondary AI power. This reflects how AI status shapes national prestige.

4. **Sectoral Transformation Beyond Security:** Digital transformation driven by AI is reshaping competitiveness in fintech and healthcare. AI also influences intelligence and governance systems.

5. **Judicial Risks from AI "Hallucinations":** The judicial fraternity warns that excessive reliance on AI may cause fabricated citations and improper judgments. This shows institutional vulnerability.

6. **Expansion Across Civilisational Networks:** AI enhances surveillance, communication, analytics, and information flows. Few technologies affect so many domains at once.

7. **Shift from Human-Controlled to Autonomous Warfare:** Warfare is moving from manned platforms to autonomous systems. AI systems can make decisions without direct human control.

8. **Deployment of Autonomous Military Technologies:** AI enables unmanned aerial vehicles capable of autonomous flight, cyber weapons, and intelligent ground vehicles. Operational decisions are increasingly automated.

9. **Asymmetric Power Shift:** The conflict between Ukraine and Russia demonstrates AI's asymmetric power. Ukrainian forces used drones, night vision equipment, quad bikes, and improvised explosive devices to resist a stronger conventional army.

10. **Colossal Transfer of Power and Force Amplification:** AI shifts power from traditional militaries to actors capable of using AI devices. It may become the greatest force amplifier in history.

11. **Risk of Autonomous Escalation:** Autonomous drone swarms could launch large-scale attacks. The moment when AI becomes fully independent of human control remains uncertain.

12. **Integration of Multi-Domain Warfare:** Space, cyber, and electronic warfare capacities are increasingly woven together. This fully transforms the nature of combat.

Way Forward

1. **Need for Effective Checks and Balances:** AI enables rapid data processing and predictive analysis. Oversight is necessary to prevent uncontrolled expansion.

2. **Preventing Militarised Misuse:** Military and security establishments may widely adopt autonomous systems. Regulation is essential to avoid destabilising escalation.

3. **Institutional Adaptation to Technological Speed:** Institutions meant to govern technology risk being outpaced. Governance mechanisms must evolve alongside AI capabilities.

4. **Collective Responsibility of Scientists and Leaders:** Political leaders and scientists must work together. AI must be guided to benefit humankind.

5. **Universal adoption of the Bletchley Declaration-** The push must be made towards universal adoption of the Bletchley Declaration by all the countries.

6. **Invest in AI research and education-** Governments, academic institutions, and industry stakeholders should allocate resources to R&D, and education in the field of AI. This will help create a well-informed workforce capable of addressing regulatory challenges and ensuring the safe and responsible deployment of AI technologies.

Conclusion

AI is transforming power structures, governance systems, and warfare at unprecedented speed. It strengthens capabilities but creates profound risks. Autonomous technologies may alter global stability and shift power beyond traditional control. Institutions are not yet prepared for this disruption. Responsible oversight, international cooperation, and ethical restraint are essential to ensure AI serves humanity safely.

Question for practice:

Examine how the rapid rise of Artificial Intelligence is transforming global power structures and warfare, and assess the risks it poses to the existing international order.

Source: The Hindu

A reckoning for India's aviation sector

UPSC Syllabus: Gs Paper 3- Infrastructure (Airports)

Introduction

India's civil aviation sector stands at a critical stage of rapid growth and rising stress. Passenger traffic, fleet size, airport capacity, and economic contribution have expanded significantly. At the same time, operational breakdowns, safety concerns, pilot shortages, and regulatory gaps have exposed structural weaknesses. The December IndiGo disruption highlighted systemic strain. The sector now faces a decisive moment where expansion must align with institutional strength and safety.

Status of India's Aviation Sector

- India recorded **376.43 million air passengers in FY24**, growing at **15% YoY**, with daily passengers crossing **5 lakh** in 2024.
- The sector contributes **5% to GDP**, supports **4 million jobs**, and adds **$72 billion in gross value** to the economy.
- Fleet strength stands at **941 aircraft (2025)**, while **162 airports** (up from 74 in 2014) are operational, with metro capacity targeted to reach **468 MPPA**.
- India handled **3,365.65 MMT air cargo in FY24**, strengthening logistics and e-commerce supply chains.
- India leads globally in gender diversity with **15% women pilots** (3× global average).
- Sustainability advances include **73 airports using 100% green energy**.

Major Concerns Related to India's Aviation Sector

1. **Operational breakdowns and financial strain:**The June 2025 crash, large-scale cancellations, and prolonged delays disrupted passengers and weakened confidence. Both IndiGo and the Air India group are preparing for major losses as profits have declined sharply.
2. **Overstretched expansion model:** India operates over **840 aircraft** and carries more than **350 million passengers annually**, making it the world's third-largest domestic market. This rapid expansion has outpaced institutional and manpower capacity.
3. **FDTL and crew incompatibility:** The revised Flight Duty Time Limitations reduced night operations and tightened flight-hour ceilings. Even the **60-hour weekly cap**, higher than the healthy 40-hour benchmark, proved incompatible with existing crew strength.
4. **Severe pilot shortage:** India needs **7,000 pilots between 2024–26** and **25,000–30,000 over the next decade**. Only **5,700 Commercial Pilot Licences** were issued between 2020–2024. Trainer shortages, simulator limits, and type-rating constraints restrict supply, while **236 temporary foreign approvals in 2025** remain a costly stopgap.

5. **Regulatory capacity deficit:** Nearly **50% of DGCA technical posts remain vacant** despite growing fleet size. Disruptions are managed through exemptions instead of strict enforcement, reflecting fragile oversight.

6. **Duopoly and systemic risk:** IndiGo holds **63–65%** of domestic traffic and the Air India Group holds **27–28%**, together controlling nearly **90%** of the market. IndiGo operates as the sole carrier on **60.4% of routes**, so disruptions lead to loss of connectivity.

7. **Structural financial vulnerabilities:** Failures of Kingfisher Airlines, Jet Airways, Go First and others show weaknesses such as cost competition, weak regional demand, poor management, infrastructure limits, and **ATF price volatility linked to the U.S. dollar**.

Initiatives Taken

1. **Grant of NOCs to regional carriers:** In December 2025, NOCs were granted to Shankh Air, Al Hind Air, and FlyExpress. These aim to improve regional connectivity and serve unattended routes.

2. **Expansion under the UDAN scheme:** The UDAN scheme operationalised 625 routes and 85 airports, including 102 new routes in the Northeast, targeting 1.5 crore commuters. It seeks to strengthen regional access and reduce dependence on major carriers.

3. **National Civil Aviation Policy (NCAP):** This aims to improve the international footprint of India-based airline services. Airlines can commence international operations, provided they deploy 20 aircrafts or 20% of their total capacity (whichever is higher) for domestic operations.
4. **Open sky policy:** Aims to liberalise the aviation sector in India by opening the airport sector to private participation. Currently, 6 PPP airports are being developed and 60% of airport traffic is handled under PPP.
5. **Open Sky Air Service Agreement:** Open Sky Air Service Agreement allows for airlines from the two countries to have an unlimited number of flights as well as seatsto each other's jurisdictions. India has signed these agreements with multiple nations like the US, Greece, Jamaica, Japan, Finland, Sri Lanka.
6. **FDI Policies :** 100% FDI is being allowed under the automatic route for greenfield projects, whereas 74% FDI is allowed under automatic route for brownfield projects.
7. Tax and Duty cuts: 100% tax exemption has been provided for airport projects for a period of 10 years. Indian aircraft Manufacture, Repair and Overhaul (MRO) service providers have been completely exempted from customs and countervailing duties.
8. **GAGAN (GPS-Aided Geo-Augmented Navigation):** Developed jointly by AAI and ISRO, GAGAN is India's own Satellite-Based Augmentation System (SBAS). Operational since 2015, it enhances the accuracy and integrity of GPS signals, improving navigation, especially for approach and landing, and enabling precision approaches at non-instrumented airports, thereby significantly enhancing safety, particularly in challenging terrains.
9. **Bhartiya Vayuyan Adhiniyam, 2024:** This is a landmark piece of legislation that came into effect on January 1, 2025, replacing the nearly century-old Aircraft Act of 1934. It modernizes India's aviation system, aligning it with contemporary needs and global standards (like the Chicago Convention and ICAO).

Need for a Systemic Solution

1. **Rising safety violations:** By late 2025, **19 DGCA safety notices** cited FDTL breaches, quality lapses, unauthorised cockpit access, and expired emergency equipment. This shows operations are near unsafe limits.
2. **Lack of operational buffers:** Globally, airlines maintain **20–25% spare crew capacity**, while Indian carriers operate at near-total utilisation. Minor disruptions therefore spread across the network.
3. **Future demand pressure:** India accounts for **4.2% of global air traffic**, and domestic demand may reach **715 million passengers by 2030.** Without structural reform, growth may convert into recurring crisis.

Way Forward

1. **Expand workforce and training capacity:** Pilot training, simulators, and type-rating facilities must expand before further fleet growth.

10. **Strengthen regulatory enforcement:** DGCA vacancies must be filled, and rule-based enforcement must replace exemption-based management.

11. **Stabilise cost structure and regional support:** Effective UDAN implementation, better slot allocation, coordinated Tier-2 and Tier-3 infrastructure, and measures to address ATF volatility are essential.

12. **Learn from past failures:** Earlier airline collapses show the risks of aggressive expansion, weak governance, and financial mismanagement. Structural reform must prevent repetition of these patterns.

13. **Promote 'Start-up India' initiative in the aviation sector-**Entrepreneurship must be promoted in the maintenance, repair, and overhaul (MRO) facilities of the aviation industry.

14. **Rationalisation of taxes-** Tax rationalisation must be initiated in aviation fuel taxes (State and Central, which in India are among the highest in the world), air cargo and airport operations.

15. **Safety Management Systems (SMS) Effectiveness:** Ensure that all aviation service providers (airlines, airports, MROs, ATC) have fully functional and effective SMS that are integrated into their daily operations and decision-making. Regulators should audit the effectiveness of these SMS, not just their presence.

Conclusion

India's aviation sector reflects both impressive expansion and emerging structural strain. Strong passenger growth, infrastructure expansion, and policy reforms coexist with pilot shortages, regulatory gaps, and safety concerns. With demand projected to reach 715 million passengers by 2030, sustained progress now depends on strengthening oversight, workforce capacity, financial stability, and resilience to ensure balanced and safe growth.

Question for practice:

Illustrate the key structural challenges facing India's aviation sector and explain why rapid expansion without matching institutional capacity has led to systemic stress despite significant growth and policy reforms.

Source: The Hindu

Role of University Townships in Integrating Education with Industrial and Logistics Corridors

UPSC Syllabus: Gs Paper 2- Issues relating to development and management of Social Sector/Services relating to Education and Human Resources.

Introduction

India's higher education system has expanded rapidly and now includes **more than 1,100 universities and 4.3 crore learners.** Access has improved, but outcomes remain a concern. India must now **move from access-led expansion to quality-led outcomes**. The focus must shift toward quality, learning outcomes, research relevance, and employability, while maintaining inclusion. In this context, the Union Budget has proposed the **creation of five university townships near major industrial and logistics corridors** to better align education with India's economic direction.

Structure and Purpose of the Proposed University Townships

1. **Planned Academic Zones:** These are structured academic ecosystems located near major industrial and logistics corridors. They will host multiple universities, research institutions, skill centres, and residential facilities.
2. **Challenge-Route Support to States:** The Union Budget proposes supporting States through a challenge route. This model links funding to measurable outcomes such as shared facilities, internships, and research translation.
3. **Quality and Relevance Intervention:** These townships are not merely infrastructure projects. They are designed as quality-and-relevance interventions to improve learning outcomes, employability, and research translation.

Importance of University Townships

1. **Linking Education with the Real Economy:** Industrial corridors generate production networks, supplier ecosystems, testing needs, standards, and skill demand. Education must connect with these systems to remain relevant. Physical and collaborative proximity enables real problem-solving and applied learning.
2. **Building Work-Ready Graduates:** Students should graduate with practical skills and real-world experience. Physical and collaborative interaction with industry builds credibility with employers.
3. **Strengthening Manufacturing Competitiveness:** India needs skilled engineers, technicians, designers, and researchers. Competitiveness depends on testing, certification, quality systems, and reliable supply chains.
4. **Aligning with Economic Direction:** India aims to expand high-quality manufacturing in semiconductors, electronics, clean energy components, biotech manufacturing, and advanced materials. Training must reflect real production standards and time-to-market demands.
5. **Responding to Global Disruptions:** The external environment can disrupt supply chains. New technologies are reshaping production. Education must prepare students for these realities.

Operational Design and Reform Support

1. **Shared Infrastructure for State Universities:** Many State universities lack high-end labs and validation facilities. Townships can provide shared access through scheduled use, transparent pricing, and joint supervision. This can improve research translation and practical application.

2. **Apprenticeship Embedded Degree Programme (AEDP):** The UGC allows structured workplace training within degrees. Corridor-linked townships can integrate industry-based training and assessment.

3. **Problem Banks and Applied Projects:** Firms and public agencies can announce real challenges. Students can solve them for academic credit, thesis, or capstone work.

4. **Professors of Practice (PoP):** Professionals from industry can offer credit-based micro-credentials. These can cover systems engineering, supply-chain analytics, safety standards, and regulatory issues.

5. **Mobility and Flexibility Frameworks:** The Academic Bank of Credits (ABC) supports credit transfer. The National Credit Framework (NCrF) promotes vertical and horizontal mobility. The Curriculum and Credit Framework allows multidisciplinary learning and multiple entry-exit options.

Global Experience Supporting the Model

1. **Research Triangle Park (U.S.):** This model links universities, firms, and research organisations. It promotes collaboration and talent flow.

2. **Fraunhofer-Gesellschaft (Germany):** It connects industry needs in engineering and manufacturing with translational labs and academic strengths.

3. **One-north and Jurong Innovation District (Singapore):** These are planned clusters that co-locate universities, research institutes, start-ups, and industry.

4. **Shared Platform Approach:** Global experience shows clusters work best when they remain open platforms that benefit both new and existing institutions. They should not become gated islands.

Way Forward

1. **Ensure Inclusion:** Townships must align with NEP 2020 goals. Credit-based short programmes, bridge courses, and subsidised lab access can expand opportunities for rural and State-university students.

2. **Prevent Elite Concentration:** States should reserve lab time and internships for State-university students. Access must be transparent and merit-based.

3. **Protect Autonomy and Student Welfare:** The design should avoid excessive metric-chasing and should not reduce quality to narrow indicators. Institutional autonomy and student welfare must remain central.

4. **Enhance Collaboration:** Townships should amplify existing reform tools like ABC, NCrF, and credit frameworks to promote flexible and collaborative learning.

Conclusion

University townships offer a model to move from **access-led expansion to quality-led outcomes**. By linking education with industrial corridors, they can strengthen manufacturing, innovation, and supply-chain resilience. With shared infrastructure, workplace integration, and inclusion safeguards, this model can build real capability. Effective execution can support India's long-term goal of **Viksit Bharat, 2047**.

Question for practice:

Evaluate the role of university townships in integrating higher education with industrial and logistics corridors to improve quality, employability, and manufacturing competitiveness in India.

Source: The Hindu

Redefining Inter-City Mobility: High-Speed Rail Corridors in India

UPSC Syllabus: Gs Paper 3- Infrastructure

Introduction

India's mobility pattern is changing due to rapid urbanisation, rising incomes, and expansion of metropolitan regions. Long-distance and inter-city travel demand has increased sharply. Indian Railways has expanded steadily, but present needs require faster, reliable, and high-capacity systems. The Union Budget 2026–27 introduces seven high-speed rail corridors as part of a structured, corridor-based strategy to transform inter-city mobility and support sustained economic growth.

What is High-Speed Rail (HSR)

- **Definition and Speed Standard:** High-speed rail refers to passenger rail systems operating at speeds above **250 kilometres per hour**, supported by advanced infrastructure and technology.
- **Dedicated Infrastructure:** These systems run on exclusive corridors with advanced rolling stock, signalling, communication, and safety systems to ensure efficiency and reliability.
- **Difference from Conventional Rail:** Conventional rail shares tracks with freight and slower trains. High-speed rail uses purpose-built infrastructure for sustained high-speed operations and predictable schedules.

Relevance of High-Speed Rail (HSR) for India

- **Rising Inter-City Travel Demand:** Rapid urbanisation, economic clusters, and metropolitan expansion have increased long-distance passenger movement.
- **Connecting High-Density City Pairs:** High-speed corridors are suitable for major city pairs generating high passenger volumes over medium and long distances.
- **Reducing Congestion and Supporting Sustainability:** Dedicated corridors reduce pressure on existing tracks and support the goal of sustainable transport.
- **Integration in Long-Term Planning:** The National Rail Plan up to 2030 recognises high-speed rail as part of the future passenger ecosystem, complementing conventional and suburban services.

Government Initiative Taken

Record Capital Outlay: The Union Budget 2026–27 allocated ₹**2,78,000 crore**, the highest ever for Indian Railways, showing strong priority to rail infrastructure.

Seven High-Speed Rail Corridors: The government announced seven corridors covering nearly **4,000 kilometres** with expected investments of around ₹**16 lakh crore**.

- Mumbai–Pune
- Pune–Hyderabad
- Hyderabad–Bengaluru
- Hyderabad–Chennai
- Chennai–Bengaluru
- Delhi–Varanasi
- Varanasi–Siliguri

Mumbai–Ahmedabad High-Speed Rail Corridor: This is India's first high-speed rail project covering **508 kilometres** with a designed speed of **320 kmph**.

Institutional Framework: The project is implemented by the National High Speed Rail Corporation Limited. It includes 12 stations and a mix of elevated, underground, and at-grade sections.

Economic & Strategic Significance

- **Faster Movement and Economic Integration:** Travel time will reduce sharply, such as **Mumbai–Pune in about 48 minutes** and **Delhi–Varanasi in about 3 hours 50 minutes**, improving inter-state business connectivity.
- **Regional Growth and Mobility:** Corridors like **Chennai–Bengaluru (about 1 hour 13 minutes)** and **Bengaluru–Hyderabad (around 2 hours)** will link major industrial and technology hubs, strengthening regional development.
- **Capacity Creation on Existing Routes:** Dedicated corridors will shift long-distance passengers from conventional tracks, creating space for other passenger and freight services.
- **Building Institutional Capability:** The **Mumbai–Ahmedabad corridor (508 km, 320 kmph design speed)** has developed technical and project-management capacity for future high-speed projects.
- **Structured Long-Term Framework:** Nearly **4,000 km of planned corridors with ₹16 lakh crore investment** reflects a planned and future-ready corridor-based mobility strategy.

Challenges & Implementation Considerations

- **High Capital Requirement:** High-speed rail projects are capital-intensive and require large financial commitment.
- **Land and Clearances:** Land acquisition, environmental clearances, and stakeholder coordination are important for smooth execution.
- **Technology and Safety Systems:** Advanced signalling, train control, and safety systems are essential for sustained high-speed operations.

- **Financing and Partnerships:** The government plans to work with international partners and private stakeholders for funding and construction.
- **Execution Risks:** The experience of the Mumbai–Ahmedabad project, which has faced delays, will influence investor confidence in future corridors.

Conclusion

High-speed rail marks a major shift in India's transport planning. The seven corridors reflect a move towards faster, reliable, and corridor-based inter-city mobility. With large investment and structured planning, these projects can reduce travel time, improve economic integration, and ease pressure on existing tracks. Coordinated institutions and sustained investment will determine the success of this long-term mobility vision.

Question for practice:

Evaluate the significance of the proposed seven high-speed rail corridors in transforming India's inter-city mobility and economic integration.

Source: PIB

US Trade Deal Softening: Implications for India

UPSC Syllabus: Gs Paper 2- International Relation

Introduction

On 6 February 2026, India and the United States issued a Joint Statement outlining an Interim Trade Agreement. It removes the punitive 25% tariff on Indian goods, reduces reciprocal tariffs from 25% to 18%, and proposes a $500 billion purchase plan over five years. Soon after, the US revised its fact sheet, softening language on agriculture, purchases, and digital services taxes. These revisions highlight ongoing negotiations and raise important implications for India.

US–India Trade Background

1. **Evolution and Emerging Tensions:** Trade ties moved from post-independence aid to deeper strategic engagement. However, tensions resurfaced in 2018 with Section 232 steel and aluminium tariffs and the 2019 revocation of India's Generalised System of Preferences status.

2. **Reciprocal Tariff Framework:** In April 2025, the US advanced a "reciprocal tariffs" approach to address trade deficits and higher duties faced by US exports. This increased pressure on Indian exports.

3. **Launch of Bilateral Trade Negotiations:** India and the US began talks for a Bilateral Trade Agreement in February 2025. The Interim Agreement, expected to be signed by March 2026, is positioned as a precursor to the full BTA.

4. **Core Features of the Interim Deal:** The framework removes the 25% punitive tariff and reduces reciprocal tariffs to 18%. It also proposes that India will purchase $500 billion worth of US goods over five years.

How Has the US Trade Deal Been Softened?

1. **Removal of 'Certain Pulses':** The earlier fact sheet included "certain pulses" among items for tariff reduction. The revised version deleted this reference, though pulses remain part of discussions.

2. **Modified Agricultural List:** The updated list includes industrial goods and items such as dried distillers' grains, red sorghum, tree nuts, fruits, soybean oil, wine and spirits. Pulses are no longer mentioned.

3. **Shift from 'Committed' to 'Intends':** The original wording said India had "committed" to purchasing over $500 billion of US goods. The revised version states India "intends" to purchase, making the provision non-binding.

4. **Clarification on Purchases:** Officials clarified that purchases will be made by private companies, not sovereign governments. Therefore, the amount is not legally enforceable.

5. **Deletion of Digital Services Tax Removal:** The earlier claim that India would remove digital services taxes was removed. The revised version only refers to negotiating bilateral digital trade rules.

6. **Alignment with Joint Statement:** The Joint Statement did not mention pulses or digital tax removal. The revision ensures consistency with the agreed text.

Significance of the Softening

1. **Agriculture as a Politically Sensitive Sector:** Agriculture affects livelihoods and electoral politics. Even small tariff concessions can trigger strong reactions.

2. **Central Role of Pulses:** India is the world's largest producer and consumer of pulses. It imports about one-fifth of annual consumption to meet domestic demand.

3. **Import Data Context:** In the first nine months of 2025-26, pulses imports were $2.53 billion, down 33%. In 2024-25, total imports reached $5.48 billion, with the US contributing only $90 million.

4. **Farmers' Protests and Concerns:** The Samyukta Kisan Morcha announced a nationwide strike. The Rashtriya Kisan Mahasangh criticised secrecy and raised concerns over imports and GM-linked DDGs.

5. **Legal Weight of Language Change:** Replacing "committed" with "intends" reduces obligation. It prevents measurable accountability at this stage.

6. **Digital Trade Sensitivities:** India had already removed the equalisation levy. There were concerns about limiting future regulatory space.

Implications for India

1. **Protection of Domestic Agriculture:** Removing pulses from the tariff list reduces immediate pressure on farmers. It avoids visible concessions in a sensitive sector.

2. **Preservation of Policy Autonomy:** The change in wording protects India from binding purchase targets. It allows procurement decisions to depend on demand and pricing.

3. **Managing Import Concerns:** Farmers feared that a surge in imports could affect domestic prices. Softer language lowers the perception of sudden market disruption.

4. **Digital Regulatory Space:** The deletion of explicit tax removal avoids framing policy changes as concessions. It keeps space open for future decisions on taxation and data governance.

5. **Strengthened Negotiation Position:** The revisions show that India defended key sensitivities. This may shape future discussions in the full Bilateral Trade Agreement.

6. **Controlled De-escalation of Trade Tensions:** The Interim Agreement removes the 25% punitive tariff and reduces reciprocal duties. The softening ensures that de-escalation does not come at the cost of rigid commitments.

Conclusion

The softening of the US fact sheet reflects calibrated negotiation rather than retreat. Sensitive sectors such as agriculture, large-scale purchases, and digital regulation remain carefully guarded. The shift from firm commitments to flexible intentions preserves India's policy space. The Interim Agreement acts as a transitional step toward a comprehensive Bilateral Trade Agreement, with negotiations still evolving.

Question for practice:

Examine how the recent softening of the US fact sheet on the Interim Trade Agreement reflects India's stance on agriculture, purchase commitments, and digital trade regulation.

Source: India Express

Centre Revises IT Rules to Address AI-Based Content

Source: The post **"Centre Revises IT Rules to Address AI-Based Content"** has been created, based on **"Take down deepfakes within two hours: India's new IT Rules"** published in **"The Hindu " on 12th February 2026.**

UPSC Syllabus: GS Paper-2- Governance

Context: The Government of India has notified the amended Information Technology (IT) Rules, 2026 to strengthen regulation of social media intermediaries and curb the misuse of Artificial Intelligence, particularly deepfakes and synthetic content. The amendments introduce stricter compliance timelines and revised obligations regarding AI-generated content.

Key Features of the Amended IT Rules, 2026

1. Regulation of AI-Generated Content

a. Social media intermediaries are required to label AI-generated or modified content only when such content appears real, authentic, or true.
b. The labelling requirement applies when the content depicts an individual or event in a manner that is indistinguishable from a natural person or real-world event.
c. The earlier proposal mandating watermarking of 10% of nearly all online content has been removed.
d. Routine or good-faith editing, such as filters, formatting, colour correction, compression, transcription, or technical enhancement, is exempt from the labelling requirement.

2. Stricter Takedown Timelines

a. Platforms must remove non-consensual sexual imagery, including AI-generated deepfakes, within two hours of receiving a complaint.
b. Intermediaries must remove other unlawful content within three hours of a user complaint or a government or court order.
c. Complaints related to defamation, harassment, or other legal violations must be resolved within thirty-six hours.
d. Grievance Redressal Officers must deliver a final decision on user complaints within seven days.

3. Enhanced User Awareness

a. Platforms are required to inform users about privacy policies, prohibited content, and grievance redressal mechanisms at least once every three months.
b. This replaces the earlier annual disclosure requirement.

4. Enforcement and Liability

a. Non-compliance with the revised timelines may attract criminal litigation under existing intermediary laws.
b. All entities classified as intermediaries must comply with the amended rules from 20 February, providing a ten-day transition window.
c. Intermediaries retain safe harbour protection only if they adhere to the prescribed compliance framework.

Significance of the Amendments

a. The amendments seek to address the growing threat of deepfakes, misinformation, and non-consensual sexual imagery enabled by AI.
b. The stricter timelines recognise the rapid generation and dissemination capacity of AI tools.
c. The removal of blanket watermarking reflects responsiveness to industry concerns and supports ease of doing business.
d. Faster grievance redressal enhances digital safety and strengthens the accountability of platforms.

Concerns and Challenges

a. The compressed timelines may impose operational and technological burdens, especially on smaller intermediaries.
b. The broad definition of intermediary may create ambiguity for AI-based startups and emerging digital businesses.

c. There is a risk of over-censorship as platforms may adopt precautionary takedowns to avoid liability.
d. The ten-day compliance window may be insufficient for restructuring internal moderation systems and legal workflows.

Way Forward

a. The government should consider issuing detailed implementation guidelines to reduce ambiguity in the definition of intermediary and AI-generated content.
b. A differentiated regulatory framework may be developed for various categories of digital businesses, particularly standalone AI tool providers.
c. Capacity-building support and transitional flexibility may be provided to smaller platforms to ensure uniform compliance.
d. Periodic stakeholder consultations with industry, civil society, and technical experts should be institutionalised to refine enforcement mechanisms.
e. Safeguards must be strengthened to prevent arbitrary takedowns and protect freedom of speech in line with constitutional principles.
f. Investment in AI-based automated moderation tools and digital forensic capabilities should be encouraged to improve efficiency and accuracy in content regulation.

Conclusion: The amended IT Rules, 2026, mark an important step in India's AI governance journey by tightening accountability mechanisms while moderating earlier regulatory excesses. Their long-term effectiveness will depend on balanced enforcement, clarity in classification, and sustained dialogue between the state and digital ecosystem stakeholders.

Question: Discuss the key features of the amended Information Technology (IT) Rules, 2026, analyse their implications, and suggest a way forward.

Source: Mint

The CPI base revision exercise measures a slice of life

Source: The post **"The CPI base revision exercise measures a slice of life"** has been created, based on **"The CPI base revision exercise measures a slice of life"** published in **"The Hindu " on 12th February 2026.**

UPSC Syllabus: GS Paper-3- Indian Economy

Context: The Consumer Price Index (CPI) is India's principal measure of retail inflation and reflects changes in the cost of living from the perspective of households. The ongoing base revision of the CPI from 2012 to 2024 seeks to align the index with evolving consumption patterns, structural changes in the economy, and improved statistical methodologies.

Need for CPI Base Revision

1. The structure of the Indian economy has changed significantly since 2012, with higher urbanisation, expansion of the services sector, and digitalisation of consumption.
2. Household expenditure patterns have diversified due to rising incomes and lifestyle changes.
3. Inflation measurement must reflect current consumption behaviour to remain relevant and credible.

4. Without periodic revision, the index risks misrepresenting the actual inflation experienced by households.

Key Features of the CPI 2024 Series

1. Updated Consumption Basket and Weights

a. The new CPI series is based on the Household Consumption Expenditure Survey (HCES) 2023–24.
b. Items that now account for a larger share of household expenditure have been assigned greater weight.
c. Goods and services with a reduced spending share have been given a lower weight.
d. The basket reflects increased spending on services and emerging consumption trends.

2. Improved Methodology

a. The revised CPI is aligned more closely with international statistical standards while retaining India-specific features.
b. The methodological framework has undergone scrutiny, expert consultation, and testing of alternatives. The revision ensures comparability of inflation across countries.

3. Enhanced Data Collection Mechanisms

a. The new series incorporates online price data for services such as telecom and airfares.
b. Computer-assisted price collection has been introduced to reduce manual errors and enable real-time validation.
c. The CPI now draws more extensively on administrative data sources such as rail fares, postal charges, fuel prices, and Public Distribution System prices.
d. The integration of survey data, administrative records, and digital sources improves reliability and timeliness.

Significance of the Base Revision

1. Better Reflection of Cost of Living: The revised CPI more accurately captures the inflation actually experienced by households. It ensures that price changes in essential goods and services are represented according to their real importance in household budgets.

2. Improved Monetary Policy Transmission: CPI-based inflation is the primary anchor for the Reserve Bank of India's monetary policy decisions. A more accurate index enables better calibration of interest rates and inflation-targeting measures.

3. Impact on Income and Social Security Adjustments: CPI is used to adjust wages, dearness allowance, pensions, and social security benefits. A realistic index protects purchasing power and ensures fairness in compensation adjustments.

4. Greater Statistical Credibility: Alignment with global standards enhances India's credibility in international economic comparisons. Improved transparency and methodological robustness strengthen trust in official statistics.

Institutional and Administrative Effort

1. The base revision exercise involves **coordination across statistical agencies, field offices, and expert bodies.**
2. The **Ministry of Statistics and Programme Implementation (MoSPI) has engaged with national and international experts** to ensure methodological soundness.
3. The **process ensures continuity with the previous series** while incorporating necessary improvements.

Conclusion: The CPI base revision from 2012 to 2024 represents more than a technical update; it is an essential recalibration of how inflation is measured in a changing economy. By updating the consumption basket, refining methodology, and modernising data collection, the revised CPI strengthens its role as a reliable indicator of the cost of living and a critical guide for monetary policy, income adjustments, and economic governance.

Question: Discuss the significance of the CPI base year revision from 2012 to 2024 and its implications for inflation measurement and policy formulation.

Source: The Hindu

Farmers' Pulse: On India and its Demand for Pulses

UPSC Syllabus: Gs Paper 3- Agricultural

Introduction

India manages its high demand for pulses through imports, price stabilisation, and limited MSP procurement. Yet domestic production remains below demand. Pulses are vital for nutrition and rural livelihoods. Recent concerns over possible import commitments have increased political sensitivity. The issue reflects deeper structural weaknesses in procurement, pricing, and productivity that affect both farmers and food security.

Status of India's Pulses Sector

1. **Persistent Demand–Supply Gap:** India produces around **2.5 crore tonnes**, while demand is nearly **3 crore tonnes**. Imports are used to bridge this gap.

2. **Rainfed Production Base:** Nearly **80% of pulse production depends on rainfed areas**, which makes output uncertain and vulnerable to weather risks.

3. **Recovery After Decline:** Production fell to **16.35 MT in 2015–16**, requiring **6 MT of imports**. By **2022–23**, production rose to **26.06 MT**, marking a **59.4% increase**, along with a **38% rise in productivity**.

4. **Reduced but Continued Import Dependence:** Import dependence declined from **29% to 10.4%**, but imports remain necessary to meet total demand.

5. **Regional Concentration:** Madhya Pradesh, Maharashtra, and Rajasthan contribute about **55% of output**. The top ten states account for over **91% of national production**.

6. **Future Production Outlook:** Domestic supply is projected at **30.59 MT by 2030** and **45.79 MT by 2047**. With focused strategy, supply may reach **48.44 MT by 2030** and **63.64 MT by 2047.**

Importance of India's Pulses Sector

1. **Nutritional Security:** Pulses provide nearly **one-fourth of non-cereal protein intake**, making them essential for balanced diets.

2.**Livelihood Support:** The sector sustains more than **5 crore farmers and their families**, forming a major part of rural income.

3.**Food Security and Sustainability:** Pulses are important for food security and support sustainable agriculture with environmental benefits.

4. **Crop Diversity Across Seasons:** India grows **12 pulse crops** across kharif, rabi, and summer seasons due to diverse agro-climatic conditions.

Structural Weaknesses and Market Risks in India's Pulses Sector

1. **Import Sensitivity and Price Impact:** A single import decision can reduce consumer prices quickly but may depress domestic prices when supply increases.

2. **Weak MSP Framework:** Unlike rice and wheat, pulses lack a reliable procurement system. Under the **Price Support Scheme**, procurement ranged between **2.9% and 12.4%** during 2019–24.

3. **Inadequate Procurement Infrastructure:** Many States do not have sufficient procurement centres. Farmers often sell to private traders regardless of MSP.

4. **Low Investment Trap:** Weak price assurance and rainfed risks discourage farmers from investing in pulses. This creates a cycle of low productivity and continued import dependence.

5. **Policy Contradictions and Political Sensitivity:** Opening markets to foreign pulses may reduce domestic prices and contradict self-sufficiency goals, increasing political tension.

Government Initiatives for Self-Reliance

1. **Mission for Atmanirbharta in Pulses:**

- Announced in Union Budget 2025–26 as a six-year focused initiative targeting pigeonpea, black gram, and lentil.

- The Mission has a **₹11,440 crore outlay**, targeting **310 lakh hectares** and **350 lakh tonnes production by 2030–31**.

2. **Two-Pillar Strategy:** Horizontal expansion aims to increase area using rice fallow lands and intercropping. Vertical expansion focuses on yield improvement through better practices and technology.

3. **Technology and Seed Improvement:**

- Measures include improved varieties, hybrids, seed treatment, quality assurance, scientific sowing, and integrated nutrient, pest, weed, and water management.

• **District-Focused Planning:** A district-wise quadrant approach identifies clusters for action. Special focus is on **111 high-potential districts contributing 75% of output**.

• **Cluster-Based Seed Systems:** "One Block–One Seed Village" hubs are promoted through FPOs to strengthen seed distribution.

4. Evidence-Based Recommendations: The framework is based on a primary field survey of **885 farmers across Rajasthan, Madhya Pradesh, Gujarat, Andhra Pradesh, and Karnataka**, ensuring that the recommendations reflect ground-level realities.

Conclusion

India has improved pulse production but still depends on imports to meet demand. Weak procurement systems and rainfed risks keep farmers insecure. Self-sufficiency requires strong MSP support, better infrastructure, and productivity gains. Without structural reforms, pulse farmers will remain vulnerable, and import dependence will continue, affecting food security and policy stability.

Question for practice:

Discuss the structural weaknesses in India's pulses sector and examine how recent government initiatives aim to achieve self-sufficiency while addressing import dependence and farmer vulnerability.

Source: The Hindu

Welfare for all — the AI race India should win

UPSC Syllabus: Gs Paper 3- Science and technology

Introduction

India's AI journey must move beyond global competition and technological display. The real opportunity lies in solving basic development gaps. **Seventy per cent of global food comes from low-productivity small farmers. 4.5 billion people lack essential healthcare. 739 million adults and 250 million children lack basic literacy.** AI offers practical tools to address these deep welfare challenges. The focus should be on improving lives, not winning a geopolitical race.India already has a growing AI ecosystem that can support this welfare-oriented transformation.

Current status of India's AI ecosystem

1. **Strong digital public infrastructure base:** India's digital public infrastructure gives AI developers a **rare structural advantage**. Platforms such as **Aadhaar, UPI, DigiLocker, Bhashini, and DEPA** allow fast scaling of **identity, payments, data sharing, and service delivery**. This **integrated national architecture** supports **real-world AI use at population scale**, which few countries can replicate.

2. **Rapid growth in AI adoption and industry size:** India's technology sector is projected to cross **USD 280 billion** in annual revenue. Over **6 million people** are employed in the tech and AI ecosystem. Around **87% of enterprises** actively use AI solutions, with strong adoption in **BFSI, healthcare, manufacturing, retail, and automotive** sectors.

3. **Expanding startup and developer ecosystem:** India hosts around **1.8 lakh startups**, and nearly **89% of new startups**launched last year used AI in their products or services. The country has **1,800+ Global Capability Centres**, including **500+ AI-focused centres**. India is also the **second-largest contributor** to AI projects on **GitHub**, showing strong developer participation.

4. Global recognition and competitiveness: India ranks among the **top four countries** in AI skills and policy readiness and stands **third globally** in AI competitiveness. This reflects **talent depth, research output, startup activity, and digital infrastructure**, but the strength remains **skewed towards deployment rather than core model building**.

India's Potential to Use AI

1. AI for Agriculture:

• **Improving smallholder productivity:** Most of the world's food comes from small farmers with low productivity. AI tools can improve yield, reduce costs, and increase income.

• **Kisan E-Mitra chatbot:** The national chatbot handles **20,000 queries daily in 11 regional languages.** It supports farmers at scale.

• **Saagu Baagu project in Telangana:** The AI-led project **doubled chilli farmers' earnings.** It increased yield, reduced pesticide and fertiliser use, and improved sale prices.

2. AI for Healthcare Access

• **Severe doctor shortage:** India's doctor-to-patient ratio in public hospitals is **1:11,000.** This creates a huge access gap.

• **eSanjeevani telemedicine platform:** By mid-2025, it conducted **389 million virtual consultations.** It expanded access without physical infrastructure.

• **AI-based disease detection:** Qure.ai's TB detection algorithms have reached millions. AI supports diagnosis at scale.

3. AI for Human Capital and Skills

• **Large but under-skilled workforce:** India has **950 million workers, but only 5% have formal skill training.** Skill building is a major challenge.

• **FutureSkills PRIME:** The programme enrolled **1.6 million learners. 41% are women and 85% are from Tier II and Tier III cities.**

• **DIKSHA platform:** It reached **275 million users with 70% rural penetration.** AI can democratise learning across regions.

Structural Issues in India's AI Road

1. **Digital divide and gender gap:** Only **24% of rural households have internet access compared to 66% in urban areas.** India is near the bottom in digital gender parity among 125 countries studied.

2. **Energy and infrastructure stress:** Weak grid reliability and transmission capacity will face more pressure due to AI's growing energy demand.

3. Talent shortage in AI roles: For every **10 AI roles, only one qualified engineer is available.** Talent is limited.

4.,**Dependence on foreign supply chains:** India imports **over 90% of semiconductor chips.** The US–China rivalry has fragmented the global tech system.

5. **Weak data and regulatory systems:** India lacks high-quality annotated datasets, especially in regional languages. Complex customs and varying state rules slow innovation.

6. **Funding and physical infrastructure gaps:** Late-stage startups lack scale funding and rely on foreign capital after Series B. Traffic congestion and fragmented operations increase costs.

Initiatives taken to strengthen India's AI strategy

1. **IndiaAI Mission:** The government launched the IndiaAI Mission in March 2024 with over ₹10,300 crore to build a strong indigenous AI ecosystem. It aims to democratise AI technology, improve data quality, and boost competitiveness.
2. **INDIAai National Portal:** INDIAai is India's national AI portal supporting knowledge sharing, research insights, industry news and resources to connect stakeholders across the ecosystem.
3. **AI Governance Guidelines:** Government has rolled out governance guidelines under IndiaAI that aim to make AI safe, inclusive and pro-innovation without heavy regulation that stifles growth.
4. **Centres of Excellence (CoEs):**The government set up **three CoEs** in **Healthcare, Agriculture, and Sustainable Cities**, and announced a **fourth CoE for Education** in **Budget 2025**, to support collaborative and scalable AI innovation.
5. **Sarvam AI and BharatGen Models:** Initiatives like Sarvam AI (for smarter public services) and BharatGen AI (multilingual, multimodal model) focus on homegrown capabilities that reflect India's linguistic and cultural diversity.
6. **AI Impact Summit 2026:** India will host the AI Impact Summit to showcase its AI capabilities, encourage innovation and build international collaborations.

Conclusion

India represents a fourth path beyond the US–China–EU model. AI leadership should be measured by **higher farm productivity, better healthcare access, and improved literacy.** The goal is not AI for power, but AI for people. India must build advanced AI systems while closing digital, energy, talent, and infrastructure gaps together.

Question for practice:

Examine how India can use artificial intelligence to improve agriculture, healthcare, and human capital while addressing structural challenges in its AI ecosystem to achieve inclusive welfare.

Source: The Hindu

AI Fakes and the Need for Disclosure

Source: The post **"AI Fakes and the Need for Disclosure"** has been created, based on **"AI Fakes and the Need for Disclosure"** published in **"The Hindu" on 13th February 2026.**

UPSC Syllabus: GS Paper-2- Governance

Context: The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Amendment Rules, 2026 mandate prominent labelling of AI-generated imagery on social media platforms. These amendments seek to introduce transparency in digital ecosystems that are increasingly saturated with synthetic and AI-manipulated content. While the requirement of labelling reflects a calibrated regulatory intervention, the simultaneous reduction in takedown timelines raises substantive concerns regarding due process, intermediary liability, and the constitutional guarantee of freedom of speech and expression.

Need for Labelling AI-Generated Imagery

1. **Protection against misinformation:** AI-generated images have the capacity to closely imitate real events and personalities, thereby influencing public opinion, electoral processes, and social harmony. Mandatory labelling acts as a preventive safeguard against the viral spread of deceptive synthetic content.
2. **User's Right to Information:** Transparency in digital communication enables users to make informed judgments about the authenticity of content. Labelling strengthens the informational autonomy of citizens in the digital public sphere.
3. **Preservation of Trust in Digital Spaces:** Clear identification of synthetic media helps maintain epistemic integrity in online platforms, thereby preserving user trust in digital communication networks.
4. **Regulatory Restraint:** The amendment does not prescribe a rigid format or size for disclosure, thereby allowing platforms operational flexibility. It also exempts clearly fictional or artistic AI-generated imagery, indicating that the regulation is minimal yet necessary.
5. **Global Context:** With AI governance becoming a central issue in international regulatory deliberations and multilateral forums, calibrated domestic regulation aligns India with emerging global best practices on synthetic media transparency.

Challenges in Implementation

1. **Technological Arms Race:** Detection mechanisms for AI-generated imagery face continuous obsolescence due to rapid advancements in generative AI technologies. Developers consistently innovate to bypass detection systems, creating a regulatory lag.
2. **Proactive Detection Burden on Platforms:** The requirement for platforms to identify and label AI-generated imagery proactively raises questions regarding technical feasibility. Smaller intermediaries may face disproportionate compliance costs, affecting innovation and competition.

Concerns Regarding Reduced Takedown Timelines

1. **Threat to Safe Harbour Protection:** Under Section 79 of the Information Technology Act, 2000, intermediaries enjoy safe harbour protection conditional upon due diligence compliance. Extremely short takedown timelines increase the risk of losing intermediary immunity.
2. **Chilling Effect on Free Speech:** Compressed compliance windows incentivise platforms to adopt a "take-down-first, verify-later" approach, which may result in over-censorship and suppression of legitimate expression protected under Article 19(1)(a) of the Constitution.
3. **Barrier to Entry for Smaller Platforms:** Large technology companies with substantial compliance infrastructure may manage round-the-clock monitoring, whereas startups and smaller platforms face structural disadvantages, thereby affecting market competition.
4. **Lack of Procedural Transparency:** The absence of publicly accessible consultation comments and the lack of prior indication regarding shortened timelines undermine procedural fairness and transparency in delegated legislation.
5. **Democratic Deficit:** Given that the IT Rules are framed under delegated legislative authority, major regulatory shifts without substantive parliamentary debate raise concerns about democratic accountability. This is particularly significant as aspects of the IT regulatory framework remain under judicial scrutiny.

Way Forward

1. **Transparent Consultation Mechanisms:** The government should institutionalise mechanisms to publish stakeholder comments and regulatory impact assessments to enhance accountability in rule-making.
2. **Graduated Compliance Framework:** A differentiated regulatory approach based on platform size and user base would balance regulatory objectives with ease of doing business.
3. **Strengthening Due Process Safeguards:** Clear criteria for issuing takedown notices and robust post-facto review mechanisms would reduce arbitrariness and protect constitutional freedoms.
4. **Investment in Independent AI Audit Systems:** Encouraging third-party certification and independent audit systems for synthetic content detection would improve credibility and reduce sole reliance on platform discretion.
5. **Parliamentary Oversight:** Major governance interventions affecting digital rights should undergo legislative scrutiny to ensure democratic legitimacy and constitutional conformity.

Conclusion: The labelling of AI-generated imagery constitutes a proportionate and necessary regulatory response to preserve informational integrity in an era of synthetic media proliferation. However, the abrupt shortening of takedown timelines risks undermining freedom of expression, procedural fairness, and competitive neutrality in the digital marketplace. Effective AI governance must therefore balance transparency with constitutional safeguards, ensuring that regulation remains restrained, accountable, and aligned with democratic principles.

Question: "The labelling of AI-generated imagery on social media is necessary to preserve informational integrity. However, recent amendments to the IT Rules raise concerns regarding freedom of expression and procedural transparency." Discuss.

Source: The Hindu

Fiscal Federalism and the 16th Finance Commission

Source: The post **"Fiscal Federalism and the 16th Finance Commission** has been created, based on **"Fiscal Federalism and the 16th Finance Commission"** published in **"The Hindu " on 13th February 2026.**

UPSC Syllabus: GS Paper-2- Polity

Context: The 16th Finance Commission, chaired by Arvind Panagariya, has submitted its recommendations for the award period 2026–31, and the Union government has accepted them. The key issue is whether the recommendations have enhanced the fiscal space and autonomy of States within India's federal framework.

Constitutional Background

1. Article 270 of the Constitution provides for the distribution of the net proceeds of certain Central taxes between the Union and the States.
2. Article 280 mandates the constitution of a Finance Commission every five years to recommend the principles governing such distribution.
3. The divisible pool includes corporation tax, personal income tax, Central Goods and Services Tax (CGST), and the Centre's share of Integrated GST (IGST).
4. Cess and surcharge levied by the Union government are excluded from the divisible pool.
5. For 2025–26, the divisible pool constitutes about 81% of the Centre's gross tax revenue after excluding cess and surcharge.

Past Trends in Devolution

1. The 13th Finance Commission had fixed vertical devolution at 32% of the divisible pool.
2. The 14th Finance Commission increased vertical devolution to 42% and reduced tied transfers under Centrally Sponsored Schemes, thereby strengthening fiscal federalism.
3. The 15th Finance Commission reduced the share to 41% due to the reorganisation of the erstwhile State of Jammu and Kashmir into Union Territories.

Demands of States Before the 16th FC

I. Vertical Devolution

a. Eighteen States demanded that the share of States be increased from 41% to 50%.
b. Some States demanded an increase to a range between 45% and 48%.
c. Many States demanded that cess and surcharge be included in the divisible pool.
d. Several States sought the imposition of a cap on cess and surcharge to prevent erosion of the divisible pool.

II. Horizontal Devolution

a. Many States demanded that equity-based parameters such as income distance, population, and area should continue to dominate the distribution criteria.
b. Some States recommended reducing the weight assigned to income distance.
c. Industrialised States such as Maharashtra, Gujarat, Tamil Nadu, Karnataka and Telangana demanded the inclusion of States' contribution to GDP as a criterion for horizontal devolution.

Key Recommendations of the 16th Finance Commission

I. **On Vertical Devolution**

a. The Commission has retained the States' share at 41% of the divisible pool.
b. It has rejected the demand to include cess and surcharge in the divisible pool.
c. It has also rejected the proposal to impose a cap on cess and surcharge.
d. The Commission has justified its decision by stating that the present constitutional framework does not permit inclusion of cess and surcharge in the divisible pool.
e. It has further stated that the Union government requires adequate fiscal space to meet national priorities such as defence and infrastructure.
f. It has also observed that a significant portion of Union expenditure under Centrally Sponsored Schemes is ultimately routed to the States.

II. On Horizontal Devolution

a. The Commission has followed the principle that changes in State shares should be gradual and not disruptive.
b. It has recognised the need to give due importance to efficiency and growth performance.
c. It has introduced a new criterion, namely States' contribution to GDP, in the horizontal devolution formula.
d. It has assigned weights to various criteria in a manner that produces a directional change without causing drastic redistribution.
e. As a result, the share of southern and western States has marginally increased.
f. The share of large northern and central States has marginally decreased.

Assessment of the Impact on States

1. The States have not gained significantly in terms of vertical devolution, as the share remains unchanged at 41%.
2. Industrialised and growth-oriented States have gained marginally through the recognition of their contribution to GDP.
3. The overall framework reflects continuity rather than a major restructuring of fiscal federalism.
4. Therefore, the outcome represents a status quo with incremental reform rather than a substantial fiscal gain for States.

Way Forward

1. The Union government should progressively reduce its reliance on cess and surcharge to strengthen the divisible pool.
2. A transparent and consultative mechanism should be institutionalised in future Finance Commissions to enhance cooperative federalism.
3. Greater weight may gradually be assigned to efficiency and tax effort while preserving equity concerns.
4. States should improve the targeting and efficiency of subsidies, especially in sectors such as power.
5. Both Centre and States should pursue fiscal consolidation to ensure long-term macroeconomic stability.
6. Public sector enterprise reforms at both levels should be accelerated to improve resource mobilisation and reduce fiscal stress.

Conclusion: The 16th Finance Commission largely maintains the existing fiscal architecture by retaining the 41% vertical devolution. However, the inclusion of States' contribution to GDP as a criterion signals a calibrated shift towards performance-based distribution. Thus, while States have not gained substantially in terms of quantum, the recommendations introduce a gradual move towards balancing equity with efficiency within India's federal fiscal framework.

Question: Have States gained from the 16th Finance Commission? Discuss.
Source: The Hindu

The SHANTI Act and India's Nuclear Liability Reforms

Source: The post **"The SHANTI Act and India's Nuclear Liability Reforms"** has been created, based on **"A case against the SHANTI Act | Explained"** published in **"The Hindu" on 14th February 2026.**

UPSC Syllabus: GS Paper-3- Science and Technology

Context: The SHANTI Act introduces major reforms in India's nuclear power sector by allowing private participation and modifying liability provisions under the Civil Liability for Nuclear Damage Act. While the Act aims to increase nuclear capacity and attract investment, it has raised serious concerns regarding safety, accountability, and victim compensation.

Key Features of the SHANTI Act

1. The Act allows private companies to operate nuclear power plants, thereby ending the Union government's monopoly in nuclear plant operations.
2. The Act indemnifies nuclear suppliers by shifting liability entirely to operators, even if defective equipment supplied by vendors causes an accident.
3. The Act removes the operator's "right of recourse," which earlier allowed operators to sue suppliers responsible for faulty equipment.
4. The Act caps operator liability between ₹100 crore and ₹3,000 crore depending on plant size and caps total liability, including government liability, at 300 million SDR (about ₹3,900 crore).
5. The Act removes Clause 46 of the CLNDA, which earlier allowed victims to seek remedies under other civil or criminal laws.
6. The Act provides statutory backing to the Atomic Energy Regulatory Board but restricts its independence because appointments are influenced by the Atomic Energy Commission.

Rationale and Critique of Supplier Indemnity

1. The government argues that supplier indemnity is necessary to attract foreign suppliers who were reluctant to enter India due to strict liability provisions.
2. International pressure also played a role, as provisions in the National Defense Authorization Act encouraged India to align its nuclear liability regime with global norms.
3. However, historical nuclear accidents show that supplier design defects often contributed significantly.
4. The accident at the Fukushima Daiichi Nuclear Power Plant revealed containment design flaws.
5. The disaster at the Chernobyl Nuclear Power Plant was linked to reactor design weaknesses.
6. The accident at the Three Mile Island Nuclear Generating Station involved control room design issues.

7. Therefore, supplier indemnity reduces accountability despite evidence of supplier responsibility in past accidents.

Liability Caps and the Risk of Moral Hazard

1. Capping liability creates moral hazard because firms protected from financial consequences may reduce investments in safety.
2. The liability cap of about ₹3,900 crore is extremely small compared to actual accident costs.
3. The Fukushima disaster is estimated to cost about ₹46 lakh crore, and the Chernobyl disaster caused losses of around ₹21 lakh crore.
4. Because compensation would cover only a small portion of real damages, victims may bear losses themselves.
5. The Act also indemnifies operators for accidents caused by natural disasters, weakening India's earlier principle of absolute liability for hazardous industries.

Significance of Nuclear Energy in India

1. Nuclear power contributes only about 3% of India's electricity generation.
2. India's target of 10 GW by 2000 resulted in only 2.86 GW of installed capacity.
3. India's target of 20 GW by 2020 resulted in only 6.78 GW of capacity.
4. These shortfalls were caused by high capital costs, technological delays, safety concerns, and public opposition.
5. Small modular reactors are still experimental and may be more expensive per unit of power.
6. Therefore, the new target of 100 GW by 2047 appears difficult to achieve.

Challenges Posed by the SHANTI Act

1. The Act may weaken nuclear safety because supplier indemnity reduces accountability for defective reactor designs and equipment.
2. The Act may reduce compensation for victims because liability caps are far below realistic accident damage estimates.
3. The Act may create regulatory capture because the Atomic Energy Regulatory Board lacks full independence from the Atomic Energy Commission.
4. The Act may increase public opposition to nuclear projects because communities fear inadequate compensation in case of accidents.
5. The Act may discourage safety innovation because companies facing limited liability have fewer incentives to invest in advanced safety technologies.
6. The Act may lead to fiscal burden on the government because taxpayers may ultimately bear costs beyond liability caps.
7. The Act may not significantly increase nuclear capacity because structural problems like high costs, land acquisition issues, and technological dependence remain unresolved.

Economic Implications

1. Nuclear projects create large commercial opportunities for private firms and multinational suppliers.
2. The Act ensures companies can profit from nuclear projects while facing limited liability in case of accidents.
3. Weak regulatory oversight may also lead to cost overruns and inefficient project execution.

Way Forward

1. The government should restore supplier liability in cases involving defective designs.
2. The liability cap should be increased and linked to realistic accident cost estimates.
3. The independence of the nuclear regulator should be strengthened.
4. Transparent safety audits and public disclosure of risks should be ensured.
5. Nuclear expansion should be balanced with renewable energy development.

Conclusion: The SHANTI Act aims to expand nuclear energy and attract investment, but its provisions on supplier indemnity and liability caps create safety, accountability, and compensation concerns. A balanced policy that prioritises public safety, regulatory independence, and realistic energy planning is essential for sustainable nuclear development.

Question: Critically examine the SHANTI Act in the context of nuclear liability, safety regulation, and India's energy policy. Does capping liability create moral hazard?

Source: The Hindu

SaaSpocalypse and India's IT Challenge

Source: The post **"SaaSpocalypse and India's IT Challenge"** has been created, based on **"Why the Indian IT sector must course-correct amidst 'SaaSpocalypse' fears"** published in **"Indian Express" on 14th February 2026.**

UPSC Syllabus: GS Paper-3- Science and Technology

Context: India's IT services sector, led by companies such as **Tata Consultancy Services**, **Infosys**, and **Wipro**, has been a key driver of exports, employment, and economic growth over the last two decades. However, new enterprise automation tools introduced by firms like **Anthropic** have raised concerns that artificial intelligence could disrupt traditional IT outsourcing models, leading to fears of a "SaaSpocalypse."

Drivers Behind 'SaaSpocalypse' Concerns

1. Automation of Core IT Services: Artificial intelligence tools are increasingly capable of performing tasks such as coding, testing, customer support, contract analysis, and data processing. These activities form the core of India's IT services exports, and their automation could reduce demand for traditional outsourcing.

2. Threat to Labour-Arbitrage Model: India's IT industry has historically relied on providing large-scale services using relatively lower-cost skilled manpower. As AI reduces the need for human intervention in routine knowledge work, this labour-arbitrage model may lose relevance.

3. Market Signals: Recent sharp declines in IT company stock prices and the fall in the Nifty IT index reflect investor concerns about the sector's future profitability. Analysts have also predicted potential revenue losses in the coming years due to AI adoption.

4. Shift from SaaS to AI Platforms: Many enterprise clients may move away from traditional software platforms toward autonomous AI systems that can perform complex tasks independently, thereby reducing reliance on IT service providers.

Challenges for Indian IT Sector

1. Business Model Crisis: The traditional billing model based on employee hours may become obsolete as companies increasingly demand outcome-based pricing and automated solutions.

2. Skill Obsolescence: A large portion of the IT workforce trained in legacy technologies may face redundancy unless they are reskilled in emerging areas such as AI, cloud computing, and data science.

3. Competition from Startups and Global AI Firms: AI-native startups and global technology companies can rapidly disrupt markets, posing serious competition to established Indian IT firms.

4. Profitability Pressure: IT companies will need to invest heavily in research and development, AI infrastructure, and employee training, which could reduce short-term profitability.

5. Dependence on Foreign Clients: India's IT sector depends heavily on clients from developed economies, and any slowdown in global demand or changes in outsourcing patterns can negatively affect growth.

Opportunities for Indian IT

1. AI Services and Consulting: Indian IT firms can provide services such as AI integration, digital transformation consulting, cloud migration, and enterprise automation, which are expected to see rising demand.

2. Platform and Intellectual Property Development: Companies can shift from manpower-based services to developing proprietary AI platforms, software products, and subscription-based solutions that generate long-term revenue.

3. Domain Expertise Advantage: Indian IT firms possess deep expertise in sectors such as banking, healthcare, insurance, and telecom, and combining this domain knowledge with AI solutions can create new value for clients.

4. Emerging Technology Areas: Opportunities also exist in fields such as cybersecurity, semiconductor design, blockchain technology, and quantum computing, which require advanced technical skills.

Roadmap for Course Correction

1. Move Up the Value Chain: Indian IT firms should transition from providing routine coding services to offering high-end consulting, system architecture design, and AI-driven business solutions.

2. Massive Reskilling: Companies and the government must invest in large-scale reskilling programmes in artificial intelligence, machine learning, data analytics, and cybersecurity to prepare the workforce for future needs.

3. Invest in Research and Development: IT companies should develop their own intellectual property, AI platforms, and software products rather than depending solely on outsourcing contracts.

4. Develop Domestic Market: Expanding IT adoption in sectors such as agriculture, manufacturing, healthcare, and governance can create new demand and reduce dependence on foreign clients.

5. Policy Support: The government should support innovation through favourable policies, funding for startups, improved digital infrastructure, and collaboration between academia and industry

6. Ethical and Responsible AI: Indian IT firms must focus on data security, privacy protection, and ethical AI frameworks to build trust and global credibility.

Conclusion: The rise of artificial intelligence represents a structural shift rather than an immediate collapse of India's IT sector. By moving toward innovation, skill development, and high-value services, India's IT industry can remain competitive and continue to contribute to economic growth in an increasingly automated world.

Question: The rise of enterprise AI tools has triggered concerns about a 'SaaSpocalypse' in India's IT services sector. Analyse the challenges posed by AI to India's IT industry and suggest a roadmap for course correction.

Source: Indian Express

Overdue upgrade: On the new series of the Consumer Price Index

UPSC Syllabus: Gs Paper 3- Indian economy

Introduction

India has updated the Consumer Price Index after more than a decade to reflect major economic and consumption changes. The new series uses **base year 2024** and consumption patterns from **Household Consumption Expenditure Survey 2023–24.** Changes in spending behaviour, growth of services, digital markets, and reduced food expenditure made revision necessary. The updated CPI aims to provide a **more realistic, stable and representative measure of inflation** for households and policymakers.

What is the Consumer Price Index (CPI)?

The Consumer Price Index measures the changes over time in general level of retail prices of selected goods and services that households purchase for the purpose of consumption.

Policy guide: CPI guides income adjustments, social security measures and monetary policy decisions, including interest rates.

Economic mirror: It converts everyday price experiences into an official indicator of inflation.

Published by: The index is published by the **Ministry of Statistics & Programme Implementation.** The **Field Operations Division of the National Sample Survey**, under MoSPI.

Structural Changes in the New CPI Series

1. **Base year:** The new CPI uses 2024 as base year, replacing 2012, and reflects consumption patterns of HCES 2023–24.

1. **Revised Item Basket**: The number of weighted items has **increased from 299 to 358 at the all-India level**, with **goods rising from 259 to 308** and **services from 40 to 50,** which improves the representation of present consumption patterns.

2. **Market coverage:** Price data is collected from 1,465 rural markets and 1,395 urban markets, with inclusion of 12 online marketplaces.

3. **COICOP 2018 Adoption**: The series follows the Classification of Individual Consumption According to Purpose 2018, which **replaces 6 broad groups with 12 divisions, 43 groups, 92 classes and 162 sub-classes for better classification and global comparability.**

4. **Food weight:** Food and beverages weight reduced to 36.75% from 45.86%, reflecting lower share in household spending.

5. **Housing expansion:** Housing now includes water, electricity, gas and fuels, with weight rising to 17.67% from 10.07%.

6. **New Items Added**: Items such as online media services, value added dairy products, barley and its product, pen-drive and external hard disk, attendant, babysitter and exercise equipment are included in the basket.

7. **Outdated Items Removed**: Items like VCR or DVD player, radio, tape recorder, second-hand clothing, CD or DVD cassettes and coir rope are removed from the basket.

8. **Digital Data Collection**: The series introduces Computer Assisted Personal Interviewing and includes e-commerce prices, online sources and administrative data to improve data quality, timeliness and coverage.

9. **Methods Used**

    • The **Jevons index** (geometric mean of price relatives) is used for compiling elementary indices at the item level.

• The **Young or Modified Laspeyres' index** is used for compiling higher level indices.

•This dual-stage methodology ensures accurate, consistent price measurement.

Significance of the Revised CPI

1. **Realistic inflation:** Updated basket and weights ensure inflation reflects current consumption patterns. As Spending behaviour has changed due to economic transformation, digital markets, service expansion and free foodgrain distribution to 80 crore households.
2. **Lower volatility:** Reduced food weight makes headline inflation more stable because food prices are highly volatile.
3. **Policy accuracy:** RBI's Monetary Policy Committee gets a clearer inflation picture for interest rate decisions.
4. **Fiscal predictability:** More stable inflation improves Budget planning and index-linked payments like dearness allowance.
5. **Service relevance:** Greater service coverage reflects structural change in the economy.
6. **Better comparison:** Alignment with international standards supports global inflation comparison.
7. **Household relevance:** CPI continues to capture how price changes affect daily life and spending.
8. **Improved data quality:** Wider sources and digital collection improve timeliness and accuracy of price information.
9. **Economic calibration:** Inflation signals are more closely matched with prevailing economic conditions.

Operational Issues

1. **Limited history:** Earlier index values are not fully available, so historical comparison is difficult.
2. **Partial back data:** Index values exist from January 2025, but year-on-year comparison is possible only for January 2026.
3. **Linking factor:** MoSPI provides a linking factor to estimate earlier data instead of full back series.
4. **Data transparency:** Providing complete back data would ease comparison across time.
5. **Revision cycle:** CPI should be revised every five years instead of long gaps like the previous eleven years.

Conclusion

The updated CPI reflects changing consumption, expanding services and digital markets, making inflation measurement more realistic and stable. It strengthens monetary and fiscal decision-making while preserving the link with household experience. Regular revision and full historical data will further improve transparency, comparability and reliability of inflation measurement in the future.

Question for practice

Discuss how the new series of the Consumer Price Index (CPI) reflects changes in India's consumption patterns and why it is important for economic policy and inflation measurement.

Source: The Hindu

The labour codes redefine wages, empower the worker

UPSC Syllabus: Gs Paper 3- Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment

Introduction

India's labour codes represent a major structural reform aimed at expanding **financial inclusion, social security, and income protection** within employment. By merging fragmented labour laws and embedding long-term financial safeguards, the reforms seek to ensure that economic growth benefits workers more equitably. They attempt to integrate millions of workers into formal systems of protection while modernising labour governance and addressing long-standing exclusions in India's labour market.

About India's Labour Codes Reform

1. **Second-generation labour reforms:** Labour reforms were widely demanded after economic liberalisation in 1991, but real legislative action began only in 2017 with the introduction of four labour codes.
2. **Coverage and consolidation:** The codes cover wages, industrial relations, social security, and occupational safety and health by merging 29 existing labour laws into a simplified framework.
3. **Legislative timeline and notification:** Parliament passed the codes in 2019 and 2020, and they were formally notified on 21 November 2025, marking their operational phase.
4. **Purpose of consolidation:** The reform aims to modernise labour governance, improve transparency, and create a predictable regulatory system for workers and employers.
5. **Addressing outdated legal structures:** Earlier labour laws were fragmented and no longer suited to changing labour markets, making consolidation necessary.

Structural Labour Reforms for Strengthening Workers' Financial Security

1. **Redefinition of wages for higher social security:** Wages must now form at least **50% of total remuneration**, increasing PF, pension and gratuity benefits and strengthening long-term financial protection.

2. **Correction of earlier contribution practices:** Many establishments earlier kept wages at **30–35% of remuneration** to reduce social security payments; the new rule removes this practice.

3. **Gratuity for fixed-term employees:** Workers on fixed-term contracts now receive gratuity after **one year of service**, ensuring they do not leave employment without terminal financial benefit.

4. **Higher financial responsibility for large employers:** Expanded gratuity coverage increases financial obligations for large corporations such as **TCS, Infosys, HCLTech and L&T**, where reliance on fixed-term employment is high.

5. **Expansion of social security to gig and unorganised workers:** For the first time, **gig, platform and informal workers are formally recognised**, enabling access to insurance, PF mechanisms and welfare schemes.

6. **Portability of social security benefits:** Benefits are transferable across **States and employment**, providing protection to migrant and informal workers who lacked stable coverage earlier.

7. **Income protection through wage regulation:** A universal wage definition, statutory minimum wages, limits on arbitrary deductions and mandatory timely payment strengthen income stability.

8. **Improved financial inclusion of workers:** Expanded social security and stable earnings help workers build savings, manage life-cycle risks and participate more meaningfully in the formal economy.

Macroeconomic and Distributional Impact of Labour Codes

1. **Redistribution of income towards labour:** Higher social security and wage protection shift economic value from capital to workers.

2. **Stronger purchasing power and consumption:** Income security increases workers' purchasing power and raises domestic consumption.

3. **Improved savings and financial engagement:** Workers show improved savings behaviour and greater engagement with formal financial institutions.

4. **Demand-led growth through worker income circulation:** Worker income largely circulates within the domestic economy, generating demand-led growth.

5. **Reduction of economic vulnerability:** Stronger financial protection reduces vulnerability to economic shocks and supports social stability.

6. **Labour codes as instruments of inclusive growth:** By strengthening workers' financial base, the reforms function as instruments of inclusive growth.

Conclusion

India labour codes represent a structural shift towards financial inclusion, income security and equitable growth. By expanding social protection and redefining wages, they strengthen workers' financial dignity. Their real success depends on effective implementation, ensuring benefits reach workers in practice and enabling every worker to participate fully in India's economic progress, stability and long-term social justice outcomes.

For detailed information on **New Labour Codes** read this article here

Question for practice:

Evaluate how India's labour codes strengthen workers' financial security and promote inclusive economic growth through social security expansion and wage reforms.

Source: The Hindu