

9 PM Current Affairs Weekly Compilation

For UPSC CSE mains examination



1st Week

May. 2026

Features :

Arranged as per syllabus Topics
Most complete coverage of major
News Papers editorials

INDEX

A New Era of Online Gaming Governance.....	2
India's sprint beyond the dairy red line to the Pacific.....	5
On May Day, a workforce in India without a floor.....	7
New credit loss norm could hurt.....	9
Heatwave crisis needs a vision, not just policy.....	12
MHA Notifies Citizenship (Amendment) Rules, 2026.....	14
Work in progress: On the Household Social Consumption (Health) Survey.....	16
Abu Dhabi's OPEC exit begins its ascent of 'peak oil'.....	18
India's capital account obsession.....	21
AI and a gathering storm of unchecked power.....	23
Keeping India's carbon money at home.....	25
Medical and Wellness Tourism in India.....	28
Jobs to GDP to debt: The state of poll state economies.....	31
What does the latest ruling mean for Forest Rights Act?.....	34
An Agenda for Risk Mitigation in Context of Vulnerability to FPI.....	35
Need to Recalibrate CSR.....	38
Rising longevity: A threat to social security.....	41
Industrial heat pumps and the case for cleaning industrial heat.....	43
India's Energy Security Amid Conflicts.....	45
India's Steel Sector Advances Towards Self-Reliance.....	49
Karnataka's New Gig Worker Grievance System.....	52
Significance of the Move.....	53
Fixing Structural Deficits in India's Health System.....	55
Structural Deficits in India's Health System.....	55
Building hazards: On preventing and fighting fires.....	56
Governor's Discretion vs Democratic Mandate : The Tamil Nadu Controversy.....	58

A New Era of Online Gaming Governance

Source: The post “A New Era of Online Gaming Governance” has been created, based on “A New Era of Online Gaming Governance” published in “PIB” on 1st May 2026.

UPSC Syllabus: GS Paper-2- Governance

Context: The Promotion and Regulation of Online Gaming Rules, 2026 operationalise the Promotion and Regulation of Online Gaming Act, 2025 and came into force on 1 May 2026. They establish a structured and enforceable regulatory framework for India’s rapidly growing online gaming sector. The Rules aim to ensure user safety while promoting innovation in e-sports and online social games.

Background and Need

- The online gaming sector generated INR 232 billion in 2024, with 77 per cent revenue coming from transaction-based games.
- The sector is projected to reach INR 316 billion by 2027, reflecting rapid expansion.
- Around 45 crore users have been affected by online money games, with losses exceeding ₹20,000 crore.
- Issues such as addiction, financial distress, and money laundering highlighted the need for a comprehensive regulatory framework.

Classification of Online Gaming

- The Rules classify online gaming into esports, online social games, and online money games.
- Esports are competitive digital games requiring skill, coordination, and strategy.
- Online social games are casual and skill-based, primarily meant for recreation and interaction.
- Online money games involve financial stakes and are considered harmful, leading to their complete prohibition.

Key Features of the PROG Act, 2025

- The Act imposes a complete ban on all forms of online money games, including games of skill and chance.
- It prohibits advertising, promotion, and facilitation of such games.
- Banks and payment systems are restricted from processing transactions related to these games.
- It prescribes strict penalties, including imprisonment and heavy fines for violations.
- It establishes the Online Gaming Authority of India to regulate the sector.

Key Pillars of the Online Gaming Rules, 2026

1. Online Gaming Authority of India

- The Authority functions as a digital-first regulator under MeitY with multi-sectoral representation.
- It maintains a list of prohibited games and handles grievances and appeals.
- It coordinates with financial institutions and law enforcement agencies for enforcement.

2. Determination Mechanism

- The Rules provide a transparent mechanism to classify games as permissible or prohibited.
- The classification is based on objective criteria such as stakes, rewards, and monetisation models.
- The determination process is to be completed within 90 days.

3. Registration System

- Registration is mandatory for notified categories such as e-sports.
- Registered games receive a certificate valid for up to 10 years.
- Online money games are not eligible for registration.

4. User Safety Measures

- The Rules mandate age verification, parental controls, and time restrictions.
- They provide for user reporting systems, counselling support, and fair play monitoring.
- Service providers must disclose safety features and grievance mechanisms.

5. Grievance Redressal Mechanism

- A two-tier grievance system is established starting at the service provider level.
- Users can appeal to the Authority within 30 days if grievances are unresolved.
- A second appeal lies with the Appellate Authority, ensuring accountability.

6. Penalties and Enforcement

- Proceedings are conducted in digital mode to ensure efficiency.
- Cases are to be concluded within 90 days.
- Penalties are proportionate and consider user harm and recurrence of violations.
- Collected penalties are credited to the Consolidated Fund of India.

Significance of the Rules

1. Protection of Citizens

- The Rules protect users from financial losses, addiction, and psychological distress.
- They eliminate predatory practices associated with online money gaming.

2. Boost to Digital Economy

- The framework promotes innovation and growth in e-sports and social gaming.
- It creates employment opportunities in design, technology, and content creation.

3. Empowerment of Youth

- It provides safe digital platforms for skill development and competitive engagement.
- It opens new career opportunities in the gaming industry.

4. Regulatory Clarity

- The Rules bring transparency and predictability to the sector.
- They enhance compliance and improve investor confidence.

5. Global Leadership

- India emerges as a leader in responsible digital governance.
- The framework provides a model for balancing innovation with social safeguards.

Challenges

1. Enforcement Challenges

- Monitoring and blocking illegal offshore gaming platforms may be difficult.
- Ensuring compliance across a large and rapidly evolving digital ecosystem remains complex.

2. Definitional and Classification Issues

- Distinguishing between skill-based and money-based elements in hybrid games may lead to disputes.
- Frequent innovation in gaming models may outpace regulatory definitions.

3. Impact on Industry

- Blanket ban on online money games may affect businesses and investments in the sector.
- Smaller gaming companies may face compliance burdens.

4. Technological Constraints

- Effective implementation of age verification and user safety tools may face technical limitations.
- Data privacy concerns may arise due to increased monitoring and data retention requirements.

5. User Behaviour and Awareness

- Users may shift to unregulated or illegal platforms through VPNs or alternative channels.
- Lack of awareness about risks and legal provisions may reduce effectiveness.

Way Forward

1. Strengthening Enforcement Mechanisms

- The government should enhance coordination with global agencies to tackle offshore platforms.
- Advanced technologies like AI-based monitoring should be deployed for real-time regulation.

2. Dynamic Regulatory Framework

- The classification framework should be periodically updated to keep pace with technological changes.
- Continuous stakeholder consultations should be conducted to refine regulations.

3. Industry Support

- Ease of compliance should be ensured for startups and smaller firms.
- Incentives should be provided to promote innovation in safe gaming segments.

4. Enhancing User Awareness

- Public awareness campaigns should be launched to educate users about risks of online money gaming.
- Digital literacy programmes should promote responsible gaming behaviour.

5. Data Protection Safeguards

- Strong data protection standards should be integrated with user safety measures.
- Transparent data usage policies should be enforced to build trust.

Conclusion: The Online Gaming Rules, 2026 provide a comprehensive and enforceable framework for regulating the sector. While challenges remain, effective implementation and adaptive governance can ensure success. The framework balances innovation with user protection, enabling safe and sustainable growth of India's online gaming ecosystem.

Question: Discuss the key features, challenges, and significance of the Promotion and Regulation of Online Gaming Rules, 2026. Suggest measures to ensure effective implementation.

Source: [PIB](#)

India's sprint beyond the dairy red line to the Pacific

Source: The post “India's sprint beyond the dairy red line to the Pacific” has been created, based on “India's sprint beyond the dairy red line to the Pacific” published in “The Hindu” on 1st May 2026.

UPSC Syllabus: GS Paper-3- Indian Economy

Context: India concluded a Free Trade Agreement (FTA) with New Zealand in December 2025 amid global supply chain disruptions and rising protectionism. The agreement reflects India's shift from a cautious trade approach to a strategic and proactive trade policy aligned with the vision of *Viksit Bharat*.

Key Features of the FTA

1. Rapid and Efficient Negotiation

- The FTA was negotiated and concluded within a short period from March to December 2025.
- It signals India's improved institutional capacity and efficiency in trade **negotiations**.

2. Talent Mobility and Human Capital Exchange

- The agreement provides for mobility of skilled professionals in sectors such as IT, engineering, and healthcare.
- It includes quotas for professional visas and working holiday visas for young Indians.
- It promotes mutual recognition of traditional medicine systems such as AYUSH.

3. Investment and Economic Cooperation

- The FTA envisages around \$20 billion in capital inflow over 15 years.
- Investments are targeted in high-priority sectors like agri-tech, renewable energy, education, and healthcare.
- It supports the “Make in India” initiative through technology transfer and capital infusion.

4. Protection of Sensitive Sectors

- India has safeguarded its dairy sector by excluding key products like milk, cheese, and yogurt from tariff concessions.
- Gradual and controlled market access is provided only for select dairy segments.
- A “Ring-Fenced Value Addition Framework” is proposed to strengthen domestic processing industries.

5. Trade Facilitation and Market Access

- New Zealand allows duty-free import of Indian dairy inputs for re-export purposes.
- The agreement includes tariff rate quotas and seasonal restrictions for sensitive agricultural products.
- It ensures better access for Indian goods in Oceania markets.

6. Geographical Indication (GI) Protection

- New Zealand has committed to legislative changes to protect Indian GI products.
- Products like Darjeeling tea and Basmati rice will receive legal protection in New Zealand markets.

Significance of the Agreement

1. Strategic Trade Shift: The FTA marks a departure from India’s earlier “slow burn” trade diplomacy to a high-velocity, strategic approach. It aligns with India’s broader goal of global economic integration.

2. Boost to Economic Growth: It enhances export opportunities and attracts foreign investment. It strengthens sectors like agriculture, manufacturing, and services.

3. Strengthening Global Value Chains: The agreement integrates India into global supply chains. It improves India’s competitiveness in international markets.

4. Geopolitical Advantage: The FTA provides India a strategic foothold in the South Pacific region. New Zealand acts as a gateway to Oceania and Pacific Island Countries (PICs).

5. Standards and Regulatory Alignment: India aligns with advanced trade standards similar to OECD benchmarks. It enhances India’s credibility in future trade negotiations.

Challenges

1. Domestic Industry Concerns

- Despite safeguards, there may be concerns among dairy and agricultural stakeholders.
- Small producers may face indirect competition pressures.

2. Implementation Issues

- Effective enforcement of provisions like GI protection requires legislative changes in New Zealand.
- Coordination between multiple sectors and agencies may be complex.

3. Unequal Gains: Benefits may be uneven across sectors, with services gaining more than manufacturing.

4. Dependence on External Markets: Increased integration may expose India to global market volatility.

Way Forward

1. Strengthening Domestic Capacity: India should enhance competitiveness of sensitive sectors like dairy through technology and subsidies.

2. Monitoring and Review Mechanisms: Regular review of FTA outcomes should be conducted to address emerging issues.

3. Diversification of Trade Partnerships: India should replicate similar FTAs with other strategic partners.

4. Skill Development and Mobility Support: Training programs should align workforce skills with global demand.

5. Leveraging Strategic Position: India should use this FTA to deepen engagement in the Indo-Pacific region.

Conclusion: The India–New Zealand FTA represents a significant step in India’s evolving trade diplomacy. It balances economic opportunity with domestic protection while enhancing geopolitical reach. With effective implementation, it can strengthen India’s position as a key player in global trade and regional geopolitics.

Question: Examine the significance of the India–New Zealand Free Trade Agreement (2025) in advancing India’s trade strategy and geopolitical interests.

Source: [The Hindu](#)

On May Day, a workforce in India without a floor

UPSC Syllabus: Gs Paper 2 - mechanisms, laws, institutions and Bodies constituted for the protection and betterment of these vulnerable sections.

Introduction

May Day 2026 reflects not a celebration but a diagnosis of Indian labour conditions. A large protest by garment workers in Noida over wages and a fatal boiler accident in a thermal plant in Chhattisgarh expose two linked realities. Workers struggle to earn a living wage and face unsafe workplaces. These events reveal a deeper structural issue in the labour framework, raising a critical question about what recent labour reforms have actually delivered for workers.

Major Concerns Related to Indian Labour

1. **Absence of a living wage:** Workers demanded ₹22,000, but wages were fixed at ₹13,690, which is not enough to meet basic expenses like rent, fuel, and education.

9 PM Compilation [First Week] May 2026

2. **Wage disparity across regions:** Workers in Noida earned around ₹435 per day, while similar workers in Haryana received higher wages after a 35% increase for the same work.
3. **Rising industrial fatalities and unsafe conditions:** India recorded 3,331 factory deaths between 2018–2020 and over 400 deaths in 2024, showing unsafe workplaces.
4. **Weak accountability and enforcement:** Only 14 imprisonments occurred despite thousands of deaths, and poor enforcement allows safety violations to continue.
5. **Negligence in safety systems:** Investigations found excessive fuel buildup, poor maintenance, and lack of basic safety measures like alarms and sensors.
6. **Vulnerability and rise of contract labour:** Most victims were contract workers, and increasing contractualisation reduces job security and employer responsibility.
7. **Exclusion of small units from regulation:** Many small factories fall outside legal safety coverage due to higher thresholds, even though they are high-risk workplaces.
8. **Weak inspection and compliance system:** Self-certification and digital inspection reduce independent checks and weaken monitoring.
9. **Limited collective bargaining and institutional dialogue:** Strict strike rules and absence of the Indian Labour Conference since 2015 reduce worker participation.
10. **Common root of wage and safety crisis:** Wage stagnation and unsafe working conditions are outcomes of the same labour framework.

Government Initiatives

1. **Consolidation of labour laws:** Four labour codes replaced 29 central labour laws on November 21, 2025, without any transition period.
2. **Change in retrenchment rules:** The threshold for prior government approval increased from 100 to 300 workers, allowing firms to retrench workers more easily.
3. **Narrowing definition of factory:** Units with fewer than 20 workers with power and 40 workers without power are excluded from safety regulations.
4. **Reform in inspection system:** The Inspector-cum-Facilitator model and use of self-certification reduce direct enforcement.
5. **Restrictions on strikes:** A 60-day notice requirement and ban on sudden strikes limit workers' ability to protest.
6. **Shift towards employer flexibility:** The overall framework reduces labour protection and increases ease for employers.

Way Forward

1. **Ensure a living wage system:** Wages must reflect real living costs, including housing, fuel, and education.
2. **Strengthen safety enforcement:** Regular and independent inspections should be ensured to prevent accidents.
3. **Expand coverage of labour laws:** Small and informal units must be included under safety and labour regulations.
4. **Improve accountability mechanisms:** Strict action should be taken against negligence in industrial accidents.
5. **Protect contract workers:** Clear responsibility must be fixed for their safety, wages, and working conditions.
6. **Restore institutional dialogue:** Regular meetings of tripartite bodies should be held to include worker voices.
7. **Balance reform and protection:** Labour reforms should protect workers while supporting economic growth.

Conclusion

A labour system must ensure that workers can earn enough to live and remain safe at work. Present conditions fail on both counts. Wage gaps persist, and safety failures continue despite legal reforms. The current framework has shifted from protection to flexibility, weakening enforcement and coverage. As a result, workers lack a basic floor of economic and physical security, which was the primary purpose of labour regulation.

Question for practice:

Examine how recent labour reforms in India have affected workers' wages, safety conditions, and overall security, in light of recent labour unrest and industrial accidents.

Source: [The Hindu](#)

New credit loss norm could hurt

UPSC Syllabus: Gs Paper 3- Indian economy

Introduction

The Reserve Bank of India is shifting banks from the **Incurred Loss (IL) model** to the **Expected Credit Loss (ECL) framework from April 1, 2027**. This moves lending from a backward-looking approach to a forward-looking system. Banks must now anticipate future defaults and make provisions early. While this strengthens financial stability, it raises a concern that stricter provisioning may reduce credit access, especially for borrowers without strong collateral.

What is ECL Framework?

1. **Meaning of ECL:** Expected Credit Loss (ECL) is a method where banks estimate possible future loan losses in advance. It focuses on what may happen, not only on what has already happened.

2. **Shift from IL to ECL:** Under the earlier system, banks recognised losses only after default. Under ECL, banks must provide for losses even when loans are still performing.
3. **Shift from past loss to future risk:** ECL moves the focus from “what has happened” to “what may happen”. Banks must assess future vulnerability using expected economic conditions, not just past repayment behaviour.
4. **Three-stage framework:** Loans are classified into Stage 1, Stage 2, and Stage 3 based on increase in credit risk. Stage 1 requires 12-month expected loss, while Stage 2 and Stage 3 require lifetime loss coverage.
5. **Key risk variables:** ECL uses **Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD)** to measure future credit risk in a structured way.

Key Changes in Credit Risk Assessment

1. **Beyond 90-day NPA norm:** The 90-day overdue rule remains, but risk identification can happen earlier through forward-looking assessment.
2. **Early warning signals:** Risk is now identified using signals like **30+ days delay in payment, rating downgrades, financial stress of the borrower, or weakness in a particular sector**. These indicators help banks detect future problems before they become defaults.
3. **Stage movement flexibility:** Loans can move from Stage 1 to Stage 2 even without default if risk increases. This shift forces banks to make higher provisions earlier, which increases the cost of lending.

Impact on Banking Behaviour

1. **Higher provisioning pressure:** ECL requires banks to recognise losses early, increasing capital burden, especially for risky or unsecured loans.
2. **Dependence on collateral:** Around **75% of ₹15,905,063 crore advances are secured**, but collateral value can fall sharply during crises, reducing recovery rates.
3. **Fire-sale effect on collateral value:** During systemic stress, collateral assets are often sold quickly at lower prices. This reduces recovery value, increases **Loss Given Default (LGD)**, and raises provisioning pressure for banks.
4. **Rising unsecured loans risk:** Unsecured advances increased from **15.7% in 2013 to 25.3% in 2025**, raising Loss Given Default (LGD) and forcing banks to be more cautious.
5. **Shift towards safer lending:** Banks may prefer collateral-backed loans and avoid unsecured lending due to high provisioning requirements.

Credit Rationing & Economic Implications

1. **Interest rate fails as a risk tool:** As explained by economists Joseph Stiglitz and Andrew Weiss, increasing interest rates does not reduce risk effectively. When rates rise too much, safe borrowers

leave because their profits decline, while risky borrowers remain since they are willing to take higher chances.

2. **Adverse selection problem:** Economist George Akerlof explains that this process creates a “lemon” pool, where mostly risky borrowers remain in the market. This lowers the overall quality of borrowers and increases default risk for banks.
3. **Credit rationing outcome:** To avoid this situation, banks do not keep raising interest rates. Instead, they limit lending and give loans only to selected borrowers, especially those who can provide strong collateral.
4. **Self-selection among borrowers:** When banks demand collateral, safe borrowers agree because they are confident of repayment. Risky borrowers avoid pledging assets, as they expect a higher chance of default, which sharpens borrower sorting under ECL.
5. **Higher PD and provisioning burden:** Loans given to risky borrowers lead to higher **Probability of Default (PD)**. Under ECL, this increases provisioning requirements, and the cost may become higher than the expected return, discouraging banks from lending further.
6. **Credit access vs asset ownership dilemma:** The system may favour borrowers with strong collateral over those with real repayment capacity. This creates a situation where asset ownership becomes more important than actual creditworthiness.

Forward-Looking Risks in ECL System

1. **Macroeconomic sensitivity of PD:** Banks must include economic conditions in PD models, making loan classification sensitive to shocks.
2. **Stage transition risk:** Even small stress can push loans from Stage 1 to Stage 2, requiring lifetime provisioning and increasing cost.
3. **Sectoral credit tightening:** Banks may stop lending to sectors showing early signs of weakness to avoid higher provisioning.
4. **Missing dimension (flow gap):** There is limited discussion on how smaller banks will manage data and modelling challenges under ECL.

Conclusion

ECL improves financial stability by enabling early risk detection and better loss recognition. However, it increases provisioning pressure and shifts lending towards collateral-backed loans. This may exclude capable but asset-light borrowers and lead to credit rationing. Its success depends on effective data use, balanced implementation, and ensuring that credit access is not sacrificed for prudence.

Question for practice:

Discuss how the shift from the Incurred Loss model to the Expected Credit Loss framework may improve financial stability while also leading to credit rationing in India.

Source: [Businessline](#)

Heatwave crisis needs a vision, not just policy

Source: The post “Heatwave crisis needs a vision, not just policy” has been created, based on “Heatwave crisis needs a vision, not just policy” published in “Indian Express” on 2nd May 2026.

UPSC Syllabus: GS Paper-2- Governance

Context: Heatwaves are slow-onset disasters that develop over days or weeks, which makes sustained planning essential rather than only emergency response. The India Meteorological Department has warned that 2026 may witness an above-normal number of heatwave days, indicating increasing climate risks.

Current Measures: Heat Action Plans (HAPs)

1. Many Indian states and cities have developed Heat Action Plans to manage heatwave risks.
2. These plans focus on early warning systems, public advisories, and coordination among government departments.
3. These measures have helped in reducing heat-related mortality and illnesses in several regions.

Recent Policy Development

1. The 16th Finance Commission has recommended the inclusion of heatwaves as a nationally notified disaster.
2. This recommendation allows states to access funds from the National Disaster Risk Management Fund in addition to State Disaster Risk Management Funds.
3. This change increases the fiscal capacity of states to address both immediate relief and long-term resilience measures.

Limitations of Existing Framework

1. Most Heat Action Plans continue to focus mainly on short-term emergency responses rather than long-term solutions.
2. These plans do not adequately address structural drivers of heat vulnerability such as poor urban planning and infrastructure.
3. Urban areas continue to suffer from heat-absorbing construction materials, declining green cover, and inefficient cooling systems.
4. There is also unequal access to thermal comfort, which increases vulnerability among certain populations.

Need for a Comprehensive Policy Vision

1. The National Disaster Management Authority must take the lead in developing a long-term policy framework for heat resilience.
2. The framework should promote climate-sensitive urban planning to reduce heat exposure.
3. It should encourage the expansion of green and blue infrastructure to cool urban environments.
4. It should include improved building designs and infrastructure that are resistant to extreme heat.
5. It should also promote sustainable cooling solutions to reduce dependence on energy-intensive systems.

Institutional and Governance Reforms

- There is a need to strengthen institutional capacity at the local government level for effective implementation.
- Better coordination between urban planning bodies and disaster management authorities is required.
- Cities should be provided with technical support to design and execute long-term heat mitigation projects.

Challenges

1. There is inadequate integration between urban planning and disaster management frameworks, which leads to fragmented responses.
2. Many local bodies lack technical expertise and capacity to design and implement heat-resilient infrastructure.
3. Financial resources, although increased, may not be efficiently utilised due to weak governance and planning mechanisms.
4. Rapid urbanisation continues to increase heat vulnerability through concretisation and loss of green spaces.
5. Data gaps and limited localised climate projections hinder evidence-based planning.
6. Social inequalities result in disproportionate impacts on vulnerable populations such as the urban poor and informal workers.

Way Forward

1. The government should institutionalise heat resilience within urban planning laws and building codes.
2. There should be dedicated funding streams for long-term heat mitigation projects rather than only emergency relief.
3. Capacity-building programmes must be strengthened for local governments and urban planners.
4. Cities should adopt nature-based solutions such as urban forests, water bodies, and green roofs.
5. Use of technology and data analytics should be enhanced for heat forecasting and risk mapping.
6. Public awareness campaigns should be expanded to promote behavioural adaptation and community participation.
7. A multi-level governance approach should be adopted to ensure coordination between central, state, and local authorities.

Conclusion: The availability of increased financial resources provides an opportunity to rethink India's approach to heatwaves. India must shift from a relief-focused approach to a resilience-oriented policy framework. A clear and comprehensive vision is necessary to build cooler, safer, and more resilient cities in the future.

Question: Heatwaves in India require a long-term resilience-based policy framework rather than short-term relief measures. Discuss.

Source: [Indian Express](#)

MHA Notifies Citizenship (Amendment) Rules, 2026

Source: The post “MHA Notifies Citizenship (Amendment) Rules, 2026” has been created, based on “MHA updates citizenship rules, tightens norms on dual passports for minors” published in “Indian Express” on 2nd May 2026.

UPSC Syllabus: GS Paper-2- Governance

Context: The Ministry of Home Affairs has notified the Citizenship (Amendment) Rules, 2026 to modernise and streamline citizenship-related procedures. The rules introduce digital processes and stricter norms, particularly regarding dual passport holding by minors.

Key Features of the Citizenship (Amendment) Rules, 2026

1. The rules introduce a **fully digital OCI framework**, making online applications mandatory for all applicants.
2. The government has introduced **electronic OCI (e-OCI) cards** alongside physical cards, promoting paperless identity systems.
3. Applicants are now required to provide **consent for biometric data sharing** for integration with fast-track immigration programmes.
4. The rules eliminate **duplicate physical documentation**, thereby reducing procedural complexity and paperwork.
5. A **centralised electronic registry** of OCI holders has been created to maintain digital records efficiently.

Objectives of the Amendments

1. The amendments aim to **streamline procedures and enhance administrative efficiency**.
2. They seek to **reduce paperwork and remove duplication** in application processes.
3. The rules provide **greater clarity in registration, renunciation, and cancellation of OCI status**.
4. They also aim to **align citizenship processes with digital governance initiatives**.

Changes in OCI Registration and Processes

1. Applications for OCI registration under Section 7A must now be filed **electronically in Form XXVIII** on a designated portal.
2. OCI cards will be issued either in physical form or as **e-OCI in digital format**, with records maintained electronically.
3. **Renunciation and cancellation processes** have been made fully online with digital acknowledgements.
4. Non-compliance in cancellation procedures may result in OCI cards being treated as invalid.

Stricter Norms on Dual Citizenship for Minors

1. The rules mandate that **minors holding Indian passports cannot simultaneously hold passports of another country**.
2. This provision has been added to address concerns regarding misuse of dual citizenship arrangements.
3. It reinforces the principle that India does not allow dual citizenship, although OCI status provides limited rights.

Implications

1. The shift to digital systems will improve **ease of access and transparency** for applicants.
2. The integration of biometric data may enhance **immigration facilitation and security mechanisms**.
3. Stricter rules for minors will help prevent **legal ambiguities and misuse of citizenship provisions**.
4. However, concerns may arise regarding **data privacy and implementation challenges** in digital systems.

Challenges

1. There are concerns regarding **data privacy and security**, especially with mandatory biometric data collection and storage.
2. The digital-only framework may create **access barriers for applicants with limited digital literacy or poor internet connectivity**.
3. Implementation challenges may arise due to **capacity constraints in administrative systems and technological infrastructure**.
4. Lack of clarity in certain procedural aspects may still lead to **interpretational issues at the ground level**.
5. The stricter norms for minors may create **practical difficulties for families residing abroad with dual nationality contexts**.

Way Forward

1. The government should establish **robust data protection safeguards** to ensure privacy and secure handling of biometric information.
2. There should be provision for **assisted digital services or facilitation centres** to support applicants facing digital access issues.
3. Continuous **capacity building and training of administrative personnel** should be undertaken for smooth implementation.
4. Clear and detailed **standard operating procedures (SOPs)** should be issued to avoid ambiguity in processes.
5. The government may consider **flexible transitional provisions** to address genuine cases involving minors and dual nationality situations.
6. Periodic review and feedback mechanisms should be instituted to **refine and improve the digital citizenship framework**.

Conclusion: The Citizenship (Amendment) Rules, 2026 represent a significant step toward **digital governance and regulatory clarity** in citizenship matters. While they improve efficiency and oversight, careful implementation will be necessary to address concerns related to privacy and inclusivity.

Question: Discuss the key features of the Citizenship (Amendment) Rules, 2026 and examine their implications for Overseas Citizen of India (OCI) framework and citizenship norms.

Source: [Indian Express](#)

Work in progress: On the Household Social Consumption (Health) Survey

UPSC Syllabus: Gs Paper 3- Issues relating to development and management of Social Sector/ Services relating to Health.

Introduction

The 80th round of the National Statistical Office health survey presents a post-pandemic assessment of India's health system. It reflects the phase where Ayushman Bharat PM-JAY has matured. The survey captures expansion in insurance, improved public healthcare access, and rising demand for services. At the same time, it reveals gaps in access, uneven financial protection, and structural limits in the health system.

Expanding Insurance Coverage but Limited Access

1. **Threefold rise in insurance coverage:** Coverage expanded sharply since 2018, reaching **45.5% in rural areas and 31.8% in urban areas**, marking a major shift.
2. **Growing role in hospital financing:** Insurance now accounts for a larger share of hospital expenditure, showing its increasing importance.
3. **Mismatch between coverage and access:** Hospitalisation rates have not returned to 2014 levels, showing that insurance does not ensure treatment.
4. **Limited availability of hospital beds:** Access to beds remains constrained despite wider coverage, affecting real service use.
5. **Hidden costs reduce benefits:** Patients are charged separately for diagnostics and services, which limits the usefulness of insurance.
6. **Subsidised private sector access:** Insurance supports private providers' entry into low-income markets without strict price control.

Changing Disease Burden and Health-Seeking Behaviour

1. **Shift to non-communicable diseases:** Infectious diseases have declined, while **diabetes and cardiovascular diseases are rising**.
2. **Sharp increase in reported ailments:** Proportion of Population Reporting Ailments (PPRA) increased from **6.8% to 12.2% in rural** and **9.1% to 14.9% in urban areas**.
3. **Greater visibility in the healthcare system:** More people are seeking treatment, indicating improved awareness and access.
4. **Impact of awareness programmes:** Information, Education and Communication (IEC) activities and community-level initiatives have improved early detection and reporting.
5. **Role of screening initiatives:** Large-scale screening at primary level has contributed to identifying more cases.
6. **Demand for chronic care increasing:** Rising non-communicable diseases (NCD) burden increases long-term care needs in the system.

Financial Protection vs Persistent Cost Burden

1. **Decline in median out-of-pocket expenditure (OOPE):** Median OOPE per hospitalisation is ₹11,285, showing that most cases involve relatively low spending and improved affordability.
2. **Strong cost reduction in public healthcare:** In public facilities, hospitalisation costs are around ₹1,100, while outpatient care often has **zero expenditure**, reflecting effective financial protection at primary and secondary levels.
3. **Public provisioning drives affordability:** Free medicines and diagnostics reduce routine healthcare costs, especially for basic and preventive care.
4. **Mean OOPE remains high due to costly treatments:** The average expenditure has increased because a small number of cases involving surgeries and chronic care are very expensive.
5. **Dual nature of healthcare expenses:** The system combines many low-cost interactions with a few high-cost events, which creates uneven financial outcomes.
6. **Continued risk of financial hardship:** While routine care is affordable, expensive treatments still have the potential to cause financial distress in some cases..

Structural Gaps: Access Barriers, Inequality, and System Limitations

1. **Low reimbursement rates distort service delivery:** Payments under insurance schemes remain below market rates, pushing private hospitals to recover costs from patients.
2. **Hidden charges weaken financial protection:** Separate billing for diagnostics and ancillary services increases patient expenses despite insurance coverage.
3. **Insurance supports private expansion without price control:** Public funds enable private providers to reach low-income groups, but without regulating treatment costs.
4. **Public system stronger in primary care but weaker in advanced care:** Public healthcare reduces costs at basic levels, but remains limited in tertiary services.
5. **Underfunded primary healthcare for chronic diseases:** Ayushman Arogya Mandir network provides free services but lacks adequate funding for long-term disease management.
6. **Need to strengthen public hospital capacity:** Limited public sector strength in specialised care reduces its ability to compete with private providers.

Unequal Impact Across Social Groups

1. **Nominal coverage does not ensure real access for the poor:** Poor households are covered under insurance but often cannot fully utilise benefits in practice.
2. **Barriers beyond coverage limit utilisation:** Access constraints such as availability and hidden costs reduce effective use of healthcare services.

3. **Middle class faces rising financial risk:** Insured middle-income groups are exposed to high-cost treatments, leading to **catastrophic expenditure**.
4. **Greater benefit for lower consumption groups:** Decline in out-of-pocket expenditure is more visible among poorer households due to public support.
5. **Persistent inequality in financial burden:** While routine costs are reduced, expensive treatments continue to create uneven financial impact.
6. **Uneven distribution of healthcare gains:** Improvements in access and affordability are not equally experienced across all social groups.

Improving Public Health Outcomes and Utilisation Trends

1. **Increase in public healthcare use:** Rural outpatient use rose from **28% in 2014 to 35% in 2025**.
2. **Expansion of primary healthcare network:** Over **1.84 lakh centres** provide care close to communities.
3. **Improved access to medicines:** AMRIT provides over **6,500 drugs at up to 50% lower prices**.
4. **Strengthening of diagnostics:** Hub-and-spoke model improves availability across healthcare levels.
5. **Progress in maternal health:** Institutional deliveries increased to **95.6% rural and 97.8% urban**.
6. **Greater reliance on public facilities:** A large share of deliveries and care now occur in government institutions.

Conclusion

The survey shows strong progress in expanding insurance, improving access, and reducing routine healthcare costs. However, gaps remain in access, cost burden, and system capacity. Insurance alone is not enough to ensure care. Strengthening public hospitals, improving funding, and reducing inequality are essential. The health system is improving but still remains a work in progress.

Question for practice:

Examine the key findings of the NSO 80th Round Health Survey and the challenges in India's healthcare system.

Source: [The Hindu](#)

Abu Dhabi's OPEC exit begins its ascent of 'peak oil'

UPSC Syllabus: Gs Paper 2 - International Relation

Introduction

The United Arab Emirates suddenly announced its exit from the Organization of the **Petroleum Exporting Countries** (OPEC) and OPEC+ with only **three days' notice**, just before a key meeting. This decision came despite the Strait of Hormuz blockade. It reflects deeper tensions within OPEC, a push for higher production, and a strategic shift to maximise oil revenues ahead of an expected decline in global demand.

What is OPEC and OPEC+: Structure and Role

1. **Formation and objective of OPEC: Organization of the Petroleum Exporting Countries (OPEC)** was formed in **1960** to protect oil exporters' interests and ensure stable supply and fair returns by coordinating production policies.
2. **Core members and leadership:** It began with Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela. Over time, membership changed, but Saudi Arabia remains the most influential producer.
3. **Mechanism of price control:** OPEC influences prices by fixing production levels. It reduces supply when prices fall and increases supply when prices rise to stabilise markets.
4. **Limits of OPEC control:** Many members do not fully follow production targets. This weakens collective decisions and reduces its effectiveness.
5. **Emergence of OPEC+:** In **2016**, OPEC joined with non-members like Russia to form OPEC+ in response to falling oil prices and rising competition.
6. **Expanded coordination under OPEC+:** OPEC+ widened production control beyond OPEC members, aiming to stabilise prices through larger collective output decisions.
7. **Challenges within OPEC+:** Despite broader participation, coordination remains difficult due to different national interests and inconsistent compliance.

Major Constraints within OPEC: UAE's Core Grievance

1. **Production quota restriction vs capacity:** The UAE has **113 billion barrels of reserves** and plans to reach **5 mbpd capacity**, but its OPEC quota is fixed at **3.45 mbpd**, leaving nearly **1.5 mbpd unused**. This creates a direct constraint on revenue generation.
2. **Dominance of Saudi Arabia:** OPEC decisions are influenced by Saudi Arabia as the "swing producer," which cuts output to stabilise prices and resists increasing UAE quotas. This limits UAE's expansion plans.
3. **Conflict between revenue and price control:** The UAE prefers higher production to maximise income, while OPEC focuses on limiting supply to maintain higher prices. This creates a structural policy mismatch.
4. **Weak compliance within members:** Many OPEC and OPEC+ members often exceed agreed production limits to gain market share, reducing trust and effectiveness of collective decisions.
5. **Reduced relevance of OPEC:** OPEC's share in global oil production has declined from **52.5% in 1973** to **36.7% in 2025**, reducing its ability to control markets effectively.
6. **Rise of competing producers:** Non-OPEC countries like the US, Canada, Brazil, and Norway have increased their role, reducing the strategic value of OPEC membership.

UAE's Strategic Push for Higher Oil Production Before 'Peak Oil'

1. **Approaching peak demand phase:** The UAE expects global oil demand to soon reach a peak, after which both demand and value will gradually decline.
2. **Maximising present market advantage:** It aims to **increase production now** to benefit from current high prices instead of delaying extraction.
3. **Impact of war on demand patterns:** The Iran war has caused a sharp price rise, which may reduce consumption and accelerate the shift towards alternative energy sources.
4. **Pipeline-based export flexibility:** The **Habshan–Fujairah pipeline (1.5 mbpd)** allows exports outside the Strait of Hormuz, enabling higher output even during disruptions.
5. **Preparing for future economy:** The UAE requires strong oil revenues to invest in **technology-driven sectors like artificial intelligence and data centres**, supporting its transition beyond oil

Geopolitical and Strategic Drivers Behind the Exit

1. **Impact of regional conflict:** Iran launched over **2,200 drones and missiles** at the UAE during the war, raising tensions.
2. **Dual blockade pressure:** The Strait of Hormuz faced a double blockade, restricting oil exports of Gulf states including the UAE.
3. **Assertion of autonomy:** The exit reflects a move towards independent decision-making in energy and foreign policy.
4. **Saudi-UAE rivalry:** Political and economic competition between the UAE and Saudi Arabia has intensified over time.
5. **Strategic signalling through timing:** The announcement coincided with the GCC Consultative Summit, where the UAE was under-represented, signalling autonomy.
6. **Competition for Asian markets:** The UAE aims to gain a larger share in Asia's crude markets ahead of Saudi Arabia and Iran.

Implications for Global Oil Market and OPEC

1. **Limited short-term impact:** Due to the Strait of Hormuz blockade, immediate export changes remain minimal.
2. **Weakening of OPEC:** The UAE is OPEC's **third-largest producer**, and its exit reduces the cartel's control over global supply.
3. **Declining influence:** OPEC's global share has fallen significantly, reducing its ability to control oil markets.
4. **Rise of non-OPEC producers:** Countries like the US, Canada, Brazil, and Norway are increasing their share in global oil markets.

5. **Internal discipline issues:** OPEC members often fail to follow agreed production limits, weakening collective decisions.
6. **Long-term uncertainty:** The exit may mark the beginning of a gradual decline in OPEC's ability to control prices.
7. **Gradual production approach:** The UAE has indicated it will increase production in a measured manner to maintain market stability.

Opportunities for India: Energy and Strategic Gains

1. **Lower oil prices:** India, the third-largest crude importer, may benefit from reduced prices.
2. **Strong bilateral ties:** The UAE is India's **third-largest trading partner** and **fourth-largest crude supplier**.
3. **Strategic investment scope:** India can propose joint investments in downstream oil projects to strengthen energy ties.
4. **Energy security benefit:** Greater supply flexibility from the UAE can improve India's long-term energy stability.

Conclusion

The UAE's exit marks a clear shift from collective production control to national strategy. It reflects structural tensions within OPEC, rising geopolitical competition, and urgency to maximise oil output before demand declines. While OPEC will continue, its influence will weaken. This signals a gradual move towards a more competitive and less coordinated global oil market.

Question for practice:

Examine the reasons behind the United Arab Emirates's exit from the Organization of the Petroleum Exporting Countries and analyse its implications for global oil markets and India.

Source: [The Hindu](#)

India's capital account obsession

Source: The post "**India's capital account obsession**" has been created, based on "**India's capital account obsession**" published in "BusinessLine" on 4th May 2026.

UPSC Syllabus: GS Paper-3- Economy

Context: The **current account** reflects earnings from trade in goods and services, along with factor income and transfers. The **capital account** records capital inflows and outflows, indicating foreign confidence and financing gaps. Ideally, the capital account should act as a *balancing item* for deficits in the current account. However, since the mid-1950s, India has disproportionately focused on the capital account while neglecting the current account.

Reasons for India's Focus on the Capital Account

- 1. Second Five-Year Plan Strategy**
 - a. The **Mahalanobis model** emphasised **capital-intensive industrialization**.
 - b. This strategy required large foreign exchange resources, which were expected to come through **loans and grants under the capital account** rather than export earnings.
 - c. As a result, **export-oriented and labour-intensive sectors were neglected**.
- 2. Abandonment of Comparative Advantage**
 - a. India shifted away from **labour-intensive exports**, despite having a natural advantage in them.
 - b. This shift reduced the potential for **strong current account earnings**.
- 3. Administrative and Institutional Factors**
 - a. The **Finance Ministry**, which handled the capital account, enjoyed greater authority in policymaking.
 - b. The **Commerce Ministry**, responsible for trade and the current account, had relatively lower priority.
 - c. This institutional structure led to a **systemic bias in favour of capital account management**.
- 4. Political Economy Considerations**
 - a. There was a strong **aversion to external debt**, influenced by colonial experiences.
 - b. Policymakers feared being perceived as a "debtor nation," which discouraged engagement with global capital markets.
- 5. Historical Shift Post-Independence**
 - a. Before 1947, India experienced **high capital mobility** due to integration with the global economy.
 - b. After the mid-1950s, there was a shift towards **capital controls and inward-looking economic policies**.

Consequences of This Approach

- 1. Capital Shortage:** India did not adequately utilise **foreign savings**, despite insufficient domestic savings. This resulted in **lower investment levels and slower economic growth**.
- 2. Neglect of Export Competitiveness:** Weak focus on the current account led to **poor export performance**. This created a structural dependence where **borrowing substituted for earning**.
- 3. Inefficient Allocation of Capital:** **Import substitution policies** protected domestic industries from global competition. This reduced **efficiency, innovation, and productivity**.
- 4. Distorted Labour Market Outcomes:** Protectionist policies resulted in **artificially higher wages** in certain sectors. This reduced overall **international competitiveness**.
- 5. Stigma Around Debt Hindering Growth:** The reluctance to borrow externally limited **access to development finance**. This constrained the country's ability to **accelerate growth through investment**.

Way Forward

1. India should **rebalance its external sector strategy** by giving greater emphasis to strengthening the current account.
2. The country should promote **labour-intensive and export-oriented sectors** to revive its comparative advantage.

3. Trade, exchange rate, and debt policies should be **better coordinated** to ensure a coherent external sector framework.
4. India should **utilise foreign capital more efficiently** and reduce the stigma associated with external borrowing.
5. Gradual reduction of **import substitution policies** is necessary to improve competitiveness and efficiency.
6. Greater **institutional coordination** between the Finance Ministry and Commerce Ministry is required to ensure balanced policymaking.

Conclusion: India's excessive focus on the capital account, while neglecting the current account, has led to **capital inefficiency, weak export performance, and constrained growth**. A rebalancing is required by strengthening **export capacity and current account earnings** while **efficiently leveraging capital inflows**. Sustainable external sector management must recognise that **a strong current account reduces vulnerability and dependence on volatile capital flows**.

Question: "India's external sector management has historically prioritised the capital account over the current account." Discuss the reasons for this approach and examine its consequences.

Source: [BusinessLine](#)

AI and a gathering storm of unchecked power

Source: The post "**AI and a gathering storm of unchecked power**" has been created, based on "**AI and a gathering storm of unchecked power**" published in "The Hindu" on 4th May 2026.

UPSC Syllabus: GS Paper-2- Governance

Context: Artificial Intelligence (AI) is rapidly transforming economies, societies, and governance structures. Its growing influence spans sectors such as warfare, surveillance, labour markets, and creativity. However, the expansion of AI has outpaced regulatory frameworks, raising serious concerns about unchecked corporate power and risks to democracy.

Key Concerns Associated with AI

1. **Lack of Adequate Regulation:** The growth of AI technologies has not been matched by effective regulatory oversight. Even leading developers acknowledge that AI is advancing faster than society's ability to manage its risks.
2. **Concentration of Power in Corporations:** AI development is dominated by a few large technology companies. This concentration shifts accountability from democratic institutions to private entities.
3. **Threats to Democratic Values:** Excessive reliance on corporations undermines public accountability. It weakens constitutional principles and democratic safeguards.
4. **Use of AI in Warfare:** AI systems are increasingly being used in military operations and targeting decisions. This raises ethical concerns about automation in life-and-death decisions.
5. **Expansion of Surveillance State:** AI tools are being deployed for mass surveillance and profiling. Predictive policing and tracking systems risk violating civil liberties and privacy rights.
6. **Bias and Discrimination:** AI systems often rely on biased datasets, leading to discriminatory outcomes. This is particularly visible in surveillance and law enforcement applications.

7. **Impact on Employment and Creativity:** AI is reshaping labour markets, potentially displacing jobs. It also raises concerns about originality and ownership in creative fields.
8. **Data Exploitation and Privacy Concerns:** AI models are trained on vast amounts of personal and public data. This leads to erosion of privacy and unclear boundaries of data ownership.
9. **Weak Global Response:** There is a perception that regulation is inevitable and alternatives are limited. This has led to passive acceptance rather than proactive policymaking.

Consequences of Unchecked AI Growth

1. Concentration of Power: AI development is dominated by a few corporations, shifting real power from elected governments to private tech firms. This weakens democratic accountability and allows corporate interests to shape public outcomes.

2. Weakening of Democratic Safeguards: Reliance on corporations to “self-regulate” AI undermines constitutional principles and public oversight. It risks replacing democratic decision-making with opaque, profit-driven technological control.

3. Militarisation and Ethical Risks: AI is increasingly used in warfare, including targeting decisions, raising concerns about accountability in lethal actions. Automation in conflict may lower the threshold for violence and complicate responsibility under international law.

4. Expansion of Surveillance State: AI-powered surveillance and profiling tools are enabling widespread monitoring by states and agencies. This threatens civil liberties, leading to potential misuse, discrimination, and erosion of privacy.

5. Algorithmic Bias and Discrimination: AI systems trained on biased data can reinforce racial, social, or economic inequalities. Such biases become institutionalised, especially in policing, hiring, and governance systems.

6. Privacy Erosion and Data Exploitation: AI models rely on vast amounts of personal and public data, often without clear consent or ownership norms. This leads to the exploitation of user data and the weakening of privacy protections.

7. Labour Market Disruptions: AI is transforming work by automating tasks, potentially displacing large sections of the workforce. Without policy intervention, this may increase unemployment and widen skill-based inequalities.

8. Threats to Creativity and Intellectual Property: AI systems trained on human-created content blur lines of authorship and ownership. This creates conflicts over copyright and risks undermining creative industries.

9. Normalisation of “No Alternative” Thinking: The belief that AI growth is inevitable discourages proactive regulation and policy innovation. This passive acceptance strengthens corporate dominance and limits democratic choices.

10. Rising Inequality and Global Imbalance: Unchecked AI expansion benefits a few countries and corporations disproportionately. It risks deepening global inequalities and creating new forms of digital dependency.

Way Forward

1. Governments should implement **balanced and common-sense AI regulations** to mitigate risks while encouraging innovation.
2. There is a need to ensure **democratic accountability** by placing clear obligations on technology companies.
3. Strong **data protection and privacy laws** must be enacted and enforced.
4. AI development should align with **human rights principles and ethical standards**.
5. International cooperation is essential to create **binding and multilateral regulatory frameworks**.
6. Lessons can be drawn from emerging frameworks such as AI regulations in different regions to create robust governance models.
7. Policymakers must actively shape AI's future instead of accepting it as **inevitable**.

Conclusion: The rapid rise of AI presents both transformative opportunities and serious risks. Without proper regulation, it can erode democratic values, privacy, and equity. A proactive, coordinated, and ethical approach is essential to ensure that AI serves society rather than undermines it.

Question: "The rapid rise of Artificial Intelligence poses challenges to regulation, accountability, and democratic governance." Discuss the concerns associated with AI and suggest a way forward.

Source: [The Hindu](#)

Keeping India's carbon money at home

UPSC Syllabus: Gs Paper 3- Indian economy and Environment

Introduction

The European Union's **Carbon Border Adjustment Mechanism (CBAM)**, which charges a carbon price on imports based on emissions, came into force on January 1, 2026. It aims to ensure fair competition between domestic and foreign producers. However, Indian exporters face full costs without similar support. The core issue goes beyond trade fairness to **control over carbon revenue**, as these payments are collected at the EU border despite emissions originating in exporting countries like India.

Understanding the Concept: Carbon Pricing and "Carbon Money"

1. **Carbon pricing as the source of carbon money:** Carbon pricing assigns a cost per tonne of emissions through systems like taxes or trading. Under CBAM, this cost is collected at the EU border, generating revenue from imports.
2. **Carbon markets as trading systems:** Carbon markets allow buying and selling of credits created from emission reduction activities. These credits represent verified reductions and help entities meet climate targets.
3. **Scale and financial importance of carbon markets:** Carbon pricing covers 28% of global emissions and generated over \$100 billion in 2024. This shows its growing role in financing climate action and development.

4. **Meaning of carbon money in this context:** Carbon money refers to revenue generated from carbon pricing linked to exports. Under CBAM, this revenue is collected by the EU instead of the exporting country.

Major Issues and Concerns

1. **Unequal competitive conditions:** European industries receive decarbonisation subsidies and free allowances under the European Union Emissions Trading System (EU ETS), reducing their effective carbon cost. Indian exporters face full CBAM charges without similar support.
2. **Conflict with fair trade principles:** This imbalance goes against the spirit of General Agreement on Tariffs and Trade (GATT) Article III, which discourages protection of domestic producers through internal measures. It creates a tilted playing field in global trade.
3. **No exemption under India–European Union Free Trade Agreement (India–EU FTA):** The India–European Union Free Trade Agreement (FTA) provides no exemption from CBAM, limiting India’s immediate options. This shows the EU’s strict position on uniform application.
4. **Limited opening through Annex on Carbon Border Measures (Annex 14-A):** Annex 14-A allows technical dialogue on CBAM implementation and carbon pricing recognition. It also ensures equal treatment if flexibility is granted to other countries.
5. **Climate justice concerns:** CBAM shifts the burden of decarbonisation to developing countries while Europe retains the revenue. This raises concerns about fairness in global climate responsibility.
6. **Risk to policy sovereignty:** If India cannot control carbon pricing or revenue, it risks becoming a rule-taker in the global green transition. This limits its ability to shape future climate rules.

Legal and Institutional Openings

1. **Recognition under CBAM Regulation Article 9:** CBAM allows deduction of carbon price already paid in the country of origin. This creates a legal basis for recognising India’s domestic carbon pricing.
2. **Carbon Credit Trading Scheme (CCTS):** The Carbon Credit Trading Scheme (CCTS), notified in 2023, establishes a domestic carbon market with tradable certificates. It links carbon pricing directly to measured emissions in industries.
3. **Avoiding double carbon pricing:** Recognition of domestic carbon price ensures exporters do not face double payment under CCTS and CBAM. This supports fairness and reduces cost burden.
4. **Conditions for credible recognition:** Recognition requires robust monitoring, transparent exchange rates, and no export rebates. These conditions ensure the integrity of the carbon pricing system.

India’s Strategic Response: Domestic Initiatives and Policy Tools

1. Existing Mechanism: Carbon Credit Trading Scheme (CCTS)

- **Establishes a domestic carbon price:** CCTS creates a **carbon price through tradable certificates linked to measured emissions**. Installations must hold credits equal to their emissions, giving a clear value per tonne.
- **Can be credited under CBAM Article 9:** This domestic carbon price can be **recognised at the EU border under Article 9 of CBAM**. It allows deduction of carbon costs already paid in India.
- **Helps avoid double carbon taxation:** Recognition of CCTS ensures exporters do not pay **carbon costs both in India and again under CBAM**. This prevents unfair financial burden on Indian industries.

2. Proposed Mechanism: India Border Adjustment Mechanism (IBAM)

- **Carbon charge at point of export:** IBAM proposes collecting a **carbon-based charge within India before export takes place**. This converts an external levy into a domestic obligation.
- **To be aligned via FTA Annex 14-A:** It must be developed through **Annex 14-A technical dialogue with the EU**. This ensures IBAM is recognised as a valid carbon price under CBAM rules.
- **Ensures no additional burden on exporters:** Proper alignment ensures exporters face **no higher total cost than CBAM alone would impose**. Domestic payments would be adjusted at the EU border.

3. Productive Use of Revenues

- **Funds retained within India:** Carbon revenue would be **collected domestically instead of being retained by the EU**. This allows India to control the use of these funds.
- **Invested in green transition sectors:** Funds should support **green steel production, low-carbon electricity, and industrial modernisation**. This helps reduce emissions in key sectors.
- **Support for workers and transition:** Resources should assist **workers affected by industrial changes due to decarbonisation**. This ensures a fair and balanced transition.

Conclusion

India should use **Article 9 of the Carbon Border Adjustment Mechanism (CBAM)** and **Annex 14-A of the India-European Union Free Trade Agreement (FTA)** to ensure recognition of its domestic carbon pricing. By introducing the **India Border Adjustment Mechanism (IBAM)** and aligning it with global rules, India can retain carbon revenues without increasing exporter burden. This approach supports fair competition, protects policy sovereignty, and enables a self-directed green transition.

Question for practice:

Evaluate how the European Union's Carbon Border Adjustment Mechanism (CBAM) affects India's carbon revenue and examine the effectiveness of India's response through domestic carbon pricing and the proposed India Border Adjustment Mechanism (IBAM).

Source: [The Hindu](#)

Medical and Wellness Tourism in India

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

Introduction

Rising global healthcare costs, long waiting periods, and lifestyle diseases are pushing patients to seek treatment abroad. This has expanded Medical Value Travel into a fast-growing global industry. India is emerging as a key destination by combining modern medical care with traditional systems like Ayurveda, Yoga, Naturopathy, Unani, Siddha and Homeopathy (AYUSH). Strong policy support, digital systems, and cost advantage are attracting global patients for treatment and preventive care.

Understanding the Medical Value Travel Ecosystem

1. **Dual Structure of Medical Value Travel (MVT):** Medical tourism focuses on curative care like surgeries, organ transplants, and advanced diagnostics. Wellness tourism focuses on preventive care through Yoga, Ayurveda, Naturopathy, and other AYUSH systems.
2. **Integrated Healthcare Model:** These two pillars together provide both treatment and long-term well-being. This helps patients manage diseases and also improve overall physical and mental health.
3. **Global Position of India:** India ranks **10th in the Medical Tourism Index**, showing strong global competitiveness. It also ranks **12th in wellness tourism and 5th in Asia-Pacific wellness destinations**, indicating balanced growth.

Growth Trends and Statistical Landscape

1. **Global Market Expansion:** The global Medical Value Travel market was valued at **USD 115.6 billion in 2022**. It is expected to reach **USD 286.1 billion by 2030**, growing at **10.8% compound annual growth rate (CAGR)**.
2. **India's Market Growth:** India's medical tourism market is estimated at **USD 8.7 billion in 2025** and may reach **USD 16.2 billion by 2030**. This shows strong growth potential in the coming years.
3. **Tourism Contribution to Economy:** Travel and tourism contributed **5.22% to Gross Domestic Product (GDP)** in FY24. It supported **8.46 crore jobs**, which is about **13.3% of total employment**.
4. **Medical Tourist Arrivals:** In 2025, India received **9.15 million foreign tourists**. Out of these, **507,244 came for medical purposes**, making up **5.5% of total arrivals**.
5. **Major Source Countries:** Bangladesh leads with **3,25,127 patients**, followed by Iraq, Uzbekistan, Somalia, Turkmenistan, Oman, and Kenya. These countries form the main demand base.
6. **Range of Treatments:** Patients visit India for cardiac surgery, cancer treatment, orthopaedic procedures, organ transplants, fertility care, dental care, and AYUSH-based therapies.

India's Competitive Advantages

9 PM Compilation [First Week] May 2026

1. **Strong Medical Infrastructure:** India has **69,364 hospitals**, including public and private facilities. It also has **1.2 million registered doctors**, meeting the World Health Organization (WHO) recommended doctor-population ratio.
2. **Skilled Human Resources:** Expansion in medical education and training has increased the number of specialised professionals. This ensures availability of expertise across many fields.
3. **Language Advantage:** English is widely used in medical education and hospital practice. This helps smooth communication with international patients.
4. **Quality Accreditation Systems:** The National Accreditation Board for Hospitals and Healthcare Providers (NABH) ensures strict quality standards. It has accredited **1,299 hospitals using over 600 safety parameters**.
5. **Global Recognition of Standards:** NABH is linked with the International Society for Quality in Healthcare (ISQua). Many hospitals also have Joint Commission International (JCI) accreditation, ensuring global trust.
6. **Regional Concentration of Services:** Medical Value Travel services are mainly located in southern and western India. Cities like Pune and Nashik are also emerging as important centres.
7. **Cost Advantage:** Medical treatment in India is much cheaper than in developed countries. At the same time, high clinical standards are maintained and waiting time is shorter.

AYUSH and Wellness Tourism Advantage

1. **Traditional Strength of India:** India has a long history of holistic healing through AYUSH systems. These systems focus on balancing physical, mental, and spiritual health.
2. **Growing Demand for Preventive Care:** Global demand for lifestyle-based and preventive healthcare is increasing. This is supporting the growth of wellness tourism in India.
3. **AYUSH Visa Facility:** The Government introduced the AYUSH Visa in **July 2023**. It allows foreign patients and their attendants to travel for AYUSH treatments.
4. **Standardisation Efforts:** The Bureau of Indian Standards (BIS) has adopted **ISO 22525**, an international standard for medical wellness tourism. This improves credibility and service quality.
5. **Insurance Coverage Expansion:** Under Insurance Regulatory and Development Authority of India (IRDAI) rules, AYUSH treatments are covered. Around **27 insurance companies offer more than 140 policies** for such treatments.
6. **Global Promotion Initiatives:** International events like AYUSH summits and the WHO Global Traditional Medicine Summit promote India's wellness systems. AYUSH initiatives are also showcased at platforms such as Maha Kumbh Mela, supporting global outreach.
7. **Skill Development Initiatives:** Capacity building is supported through the AYUSH sub-council under the Health Sector Skill Council. This improves trained manpower in wellness services.

Government Initiatives and Policy Support

1. **Regional Medical Hubs:** The government plans to develop **five Regional Medical Hubs**. These will integrate healthcare, education, and research facilities in one place.
2. **Comprehensive Care Services:** These hubs will include AYUSH centres, diagnostic facilities, and rehabilitation services. This ensures complete treatment from diagnosis to recovery.
3. **Employment Generation:** These hubs will create jobs for doctors, nurses, and Allied Health Professionals (AHPs). This strengthens the healthcare workforce.
4. **Expansion of AYUSH Institutions:** Three new All India Institutes of Ayurveda are proposed. This will improve education, research, and treatment facilities.
5. **Global Research Collaboration:** The World Health Organization (WHO) Global Traditional Medicine Centre in Jamnagar is being upgraded. This will support evidence-based research and global cooperation.
6. **Institutional Framework:** The National Medical and Wellness Tourism Promotion Board (NMWTB) coordinates between ministries, states, and private sector. This ensures better policy implementation.
7. **Quality Assurance Measures:** The government promotes NABH accreditation and rating of MVT facilitators. This builds international trust and ensures transparency.
8. **Skill Development Programs:** A pilot scheme will train **10,000 guides** in major tourist sites. Training is also provided in foreign languages and cultural sensitivity.
9. **Digital Facilitation:** e-Medical Visa and e-Medical Attendant Visa are available for **172 countries**. e-AYUSH Visa also supports wellness tourism.
10. **MVT Digital Portal:** The upgraded Medical Value Travel portal provides booking, payment, and post-treatment services. This creates a seamless experience for patients.
11. **Airport Facilitation Services:** Concierge services and lounges at airports help patients with immigration and travel processes. This improves overall ease of travel.

Economic and Strategic Significance

1. **Contribution to Economy:** Medical tourism strengthens the tourism sector, which contributes significantly to GDP and employment. It supports both direct and indirect jobs.
2. **Global Healthcare Positioning:** India is becoming an important player in global healthcare due to affordable and quality services. This improves its role in the global value chain.
3. **Soft Power through Wellness:** Yoga and Ayurveda increase India's cultural influence worldwide. They promote India as a centre for holistic health.
4. **Integrated Tourism Model:** Combining medical care with wellness and cultural tourism creates a year-round demand. This supports sustainable tourism growth.

Challenges and Areas for Improvement

1. **Unregulated Brokers and Agents:** Some intermediaries mislead patients with false promises or charge higher fees. This reduces trust and affects India's credibility in the global market.
2. **Quality Inconsistencies in Healthcare:** Top hospitals provide high-quality care, but smaller clinics may not follow the same standards. This creates uneven patient experience across regions.
3. **Post-Treatment Follow-up Issues:** After returning home, patients often face difficulty in continuing treatment and follow-up care. Lack of structured remote support affects long-term recovery.
4. **Cultural and Legal Concerns:** Differences in language, food habits, and legal rules create challenges for international patients. Sensitive areas like organ transplant and surrogacy need clear legal understanding.
5. **Regional Imbalance in Infrastructure:** Medical services are concentrated in southern and western regions. Many other states lack similar facilities and access.
6. **Need for Uniform Quality Standards:** Consistent standards across hospitals and wellness centres are required. This will improve global trust and service reliability.
7. **Limited Global Branding and Awareness:** India needs stronger promotion of its medical and wellness services. This will help attract more international patients.

Conclusion

India is moving from a cost-based destination to a value-driven global healthcare hub by integrating modern medicine with AYUSH systems. Strong policy support, digital facilitation, and global outreach are improving access and trust. Strengthening quality standards, expanding infrastructure, and enhancing global branding will be critical to position India as a leading destination for holistic Medical Value Travel.

Question for practice:

Discuss how India is emerging as a global hub for Medical and Wellness Tourism, highlighting its competitive advantages, policy support, and key challenges.

Source: [PIB](#)

Jobs to GDP to debt: The state of poll state economies

Source: The post "Jobs to GDP to debt: The state of poll state economies" has been created, based on "Jobs to GDP to debt: The state of poll state economies" published in "Indian Express" on 5th May 2026.

UPSC Syllabus: GS Paper-2- Governance

Context: The 2026 Assembly elections in Assam, Kerala, Tamil Nadu, and West Bengal reflected strong voter mandates influenced by economic conditions in these states. Indicators such as economic growth, employment levels, and fiscal health help explain voter choices and governance challenges.

State of Economic Growth and Incomes

1. Assam recorded the fastest growth in Gross State Domestic Product among the four states over the period 2015 to 2024.
2. Assam also witnessed the highest growth in per capita income, and its income levels have nearly tripled during this period.
3. Although Assam still has the lowest per capita income among the four states, it has significantly narrowed the gap with West Bengal.
4. Tamil Nadu experienced faster growth than Kerala, resulting in higher average incomes for its residents compared to Kerala.
5. Kerala and West Bengal recorded modest growth in per capita incomes, with growth rates remaining below 5 percent.
6. Kerala registered the slowest growth in overall economic size, allowing other states to surpass it in income levels.

State of Employment and Labour Market

1. All four states recorded a Labour Force Participation Rate higher than the national average of 55.1 percent, indicating strong demand for jobs.
2. West Bengal had the highest Labour Force Participation Rate among the four states.
3. West Bengal also recorded the highest unemployment rate, indicating significant job stress among its population.
4. Kerala recorded the lowest unemployment rate, which was significantly lower than the national average.
5. Tamil Nadu experienced a relatively higher unemployment rate despite having a lower Labour Force Participation Rate than Assam.
6. The rising working-age population has increased pressure on state governments to generate sufficient employment opportunities.

State of Government Finances

(a) Fiscal Deficit

- i. Fiscal deficit refers to the borrowing undertaken by a state government to meet the gap between its revenues and expenditures.
- ii. The prudential limit for fiscal deficit is set at 3 percent of the state's economy.
- iii. West Bengal exceeded this prudential limit, indicating higher fiscal stress compared to other states.

(b) Revenue Deficit

- i. Revenue deficit occurs when a state's revenue expenditure exceeds its revenue receipts.
- ii. Assam was the only state among the four that did not have a revenue deficit.
- iii. Kerala, Tamil Nadu, and West Bengal relied on borrowing to meet their routine expenditures, such as salaries and pensions.

(c) Quality of Expenditure

- i. Ideally, borrowed funds should be used for capital expenditure, such as building infrastructure.

- ii. The presence of a revenue deficit indicates that borrowing is being used for consumption rather than productive investment.

(d) Freebies and Cash Transfers

- i. There has been a growing trend of unconditional cash transfers by state governments.
- ii. West Bengal spends around 10 percent of its revenue receipts on such transfers.
- iii. This implies that the state may be borrowing funds to finance these welfare measures.

(e) Interest Burden

- i. Continuous borrowing has increased the interest payment obligations of state governments.
- ii. Kerala and Tamil Nadu have witnessed a sharp rise in interest payment burdens.
- iii. West Bengal already had a high level of interest payments, although the increase has not been as steep.

Link Between Economy and Electoral Outcomes

1. Strong economic growth and rising incomes in Assam contributed to voter support for the incumbent government.
2. High unemployment and fiscal stress in West Bengal contributed to voter dissatisfaction.
3. Variations in economic performance across states led to different electoral outcomes.

Key Challenges for Incoming Governments

1. States face the challenge of generating sufficient employment for a rapidly growing working-age population.
2. States with slower growth, such as Kerala and West Bengal, must accelerate economic expansion.
3. High unemployment rates, especially in West Bengal and Tamil Nadu, indicate structural issues in job creation.
4. Fiscal stress due to high fiscal deficits and revenue deficits limits the ability of governments to invest in development.
5. Rising expenditure on freebies and cash transfers puts additional pressure on state finances.
6. Increasing interest payment burdens reduce fiscal space for productive expenditure.
7. Dependence on borrowing for routine expenses undermines long-term fiscal sustainability.

Way Forward

1. State governments should focus on boosting economic growth through investment in infrastructure and industrial development.
2. Governments should prioritize job creation by promoting labour-intensive sectors and improving the ease of doing business.
3. States must improve the quality of expenditure by shifting focus from revenue expenditure to capital expenditure.
4. Fiscal discipline should be maintained by adhering to the 3 percent fiscal deficit limit.
5. Rationalisation of subsidies and better targeting of welfare schemes can reduce unnecessary fiscal burden.
6. Governments should enhance revenue generation through better tax administration and the widening of the tax base.

7. Reducing reliance on borrowing for day-to-day expenditure will improve fiscal sustainability.
8. Managing debt levels and controlling interest payments should be a key priority for long-term economic stability.

Conclusion: Economic performance and fiscal management significantly influence voter behaviour in state elections. Newly elected governments must balance growth, employment generation, and fiscal prudence. A focus on sustainable development and responsible fiscal policies is essential to ensure long-term economic stability and public welfare.

Question: Discuss how economic growth, employment trends, and fiscal health of states influence electoral outcomes. Examine the key macroeconomic challenges faced by newly elected state governments in the 2026 Assembly elections.

Source: [Indian Express](#)

What does the latest ruling mean for Forest Rights Act?

Source: The post “What does the latest ruling mean for Forest Rights Act?” has been created, based on “What does the latest ruling mean for Forest Rights Act?” published in “Indian Express” on 5th May 2026.

UPSC Syllabus: GS Paper-3- Environment

Context: The Forest Rights Act (FRA), 2006 aims to recognise and vest forest rights in forest-dwelling communities. Recent court rulings have highlighted gaps in implementation, especially concerning eviction and grazing rights.

Key Provisions of FRA, 2006

1. The Act recognises forest rights as vested rights of forest dwellers, irrespective of other existing laws.
2. It provides protection against eviction until the process of recognition and verification of claims is completed.
3. The Act gives statutory authority to Gram Sabhas to initiate and verify claims.
4. It recognises grazing rights and access to forest resources, including in protected areas.

Provisions Regarding Eviction

1. The FRA explicitly disallows eviction or removal of forest dwellers until their claims are fully processed.
2. Any coercive action, including eviction, before completion of the process is a violation of the law.
3. Courts have reiterated that forest departments must not interfere with possession and livelihood activities during claim adjudication.
4. Earlier laws or court orders inconsistent with FRA provisions are considered null and void.

Provisions Regarding Grazing Rights

1. The FRA recognises grazing as a legitimate right of forest-dwelling communities.
2. These rights extend even to areas overlapping with protected forests, national parks, and wildlife sanctuaries.

3. Being a central law, FRA overrides conflicting state laws that restrict grazing.

Significance of Recent Judicial Intervention

1. The High Court reaffirmed that provisions of a later law override inconsistent earlier laws and orders.
2. It struck down decisions that rejected forest rights claims without due consideration.
3. The ruling highlighted repeated disregard for FRA provisions by authorities.
4. It reinforced the legal protection available to forest dwellers against arbitrary eviction and denial of rights.

Key Challenges in Implementation

1. Authorities often continue to rely on older forest laws despite FRA's overriding provisions.
2. There are repeated instances of eviction notices being issued without completing claim verification.
3. Gram Sabhas are not always empowered effectively to exercise their statutory role.
4. Conflicts persist between conservation laws and community rights, especially in protected areas.
5. Administrative delays and lack of awareness hinder proper implementation of the Act.
6. Judicial directions are sometimes not followed consistently at the ground level.

Way Forward

1. State authorities must strictly adhere to FRA provisions and avoid premature eviction actions.
2. Greater empowerment and capacity building of Gram Sabhas is necessary for effective implementation.
3. There should be better coordination between forest departments and local governance institutions.
4. Awareness campaigns should be conducted to educate communities about their rights under FRA.
5. Legal accountability mechanisms should be strengthened to penalise violations of the Act.
6. Harmonisation between conservation goals and community rights must be ensured through balanced policy frameworks.

Conclusion: The FRA represents a crucial shift towards recognising the rights of forest dwellers. Effective implementation, supported by judicial oversight and administrative accountability, is essential to uphold both social justice and sustainable forest governance.

Question: What are the key provisions of the Forest Rights Act (FRA), 2006 regarding eviction and grazing rights? Discuss the significance of recent judicial interventions and the challenges in its implementation.

Source: [The Hindu](#)

An Agenda for Risk Mitigation in Context of Vulnerability to FPI

UPSC Syllabus: Gs Paper 3- Indian economy

Introduction

Markets often assume that India is highly vulnerable to oil shocks and FPI volatility. However, many indicators show stronger resilience than perceived. India has diversified growth drivers, stable domestic participation, and low external imbalance. Despite global shocks, macro fundamentals remain stable. The issue lies more in

misreading risks than actual weakness. Focus is needed on reducing dependence on volatile capital, strengthening domestic drivers, and improving external stability.

Current Scenario: Perception of High External Risk

1. **Overestimation of Oil and FPI Risks:** Markets are pricing higher risks from oil shocks and capital outflows, even though the actual impact remains moderate. Markets are pricing higher risk than actual economic indicators suggest.
2. **Strong Economic Size and Base:** India's economy of about **\$3.92 trillion** ensures that even small inflows generate large absolute capital. This supports market depth and stability.
3. **Shift Towards Domestic Ownership:** In 2025, domestic investors overtook FPI, with foreign share at **around 15%, a 20-year low**. This reduces dependence on volatile external capital.
4. **Consumption-Led Growth Model:** Consumption contributes about **60% of GDP**, making India less dependent on exports compared to China's 40%. This stabilises demand during global shocks.
5. **Diversified Growth Structure:** Growth comes from manufacturing, services, agriculture, and exports. This reduces risk from any single sector or external factor.

Misinterpretation of Risks and Structural Concerns

1. **Reliance on Outdated Indicators:** Analysts focus on past vulnerabilities and averages. They ignore recent improvements in domestic participation and macro stability.
2. **Currency Depreciation Misjudgment:** Excess rupee depreciation was expected to improve trade balance. However, it did not improve **Current Account Deficit (CAD)** or inflows, showing limits of this approach.
3. **Self-Fulfilling Exchange Rate Cycle:** Falling exchange rates discourage inflows as investors expect further decline. This creates a cycle of continued depreciation and weak capital flows.
4. **Incomplete Global Financial Responsibility:** International institutions do not address volatility affecting emerging markets. They attribute it to domestic structural weaknesses.
5. **Misreading of Savings Trends:** Decline in financial savings is seen as weakness. But rise in physical asset savings and corporate savings keeps total savings above **30% of GDP**.

Existing Strengths and Policy Initiatives

1. **Technological Adaptation and AI Use:** India is actively using small language models for cost-efficient AI solutions. These models are adapted for local needs, and **productivity gains of around 30%** are expected to raise income and demand.
2. **Balanced Household Asset Structure:** Indian households maintain a balanced portfolio, with only **15% in equity and mutual funds**, while physical assets dominate. This reduces exposure to market volatility.

3. **Disciplined Investment Behaviour:** Indian households invest through SIPs and avoid panic selling. Their experience from past cycles and low use of leverage prevents forced selling during market downturns.
4. **Shift Towards Domestic Equity Ownership:** India's foreign equity share is about **15%**, which is lower than the **US (18%)** and much higher than **China (3-5%)**, showing a balanced approach with rising domestic ownership and controlled external dependence.
5. **Strong Domestic Investment Base:** Investment rate is above **30% of GDP**, among the highest globally. Most investment is private, as public investment is only about 4%.
6. **Savings Structure Adjustment:** India's household sector includes the unorganised sector, which is actively borrowing and investing. While financial savings declined, **physical asset savings increased**, keeping total savings above 30%.
7. **Low External Imbalance:** India has maintained a **low CAD of around 1% of GDP**, showing limited dependence on foreign savings and better external stability.
8. **Policy Response to Demand:** India used GST tax cuts to stimulate demand, which showed strong response. This indicates that the government has both tools and intent to manage external shocks.
9. **Export and Investment Diversification:** India is expanding manufacturing through FTAs, defence exports, and construction demand. Agriculture and services exports further strengthen India's diversified economic base.

External Sector and Exchange Rate Challenges

1. **Limited Gains from Depreciation:** Real exchange rate depreciated **10% below equilibrium**, yet exports did not improve due to competitive global markets.
2. **Higher Import Costs and Inflation:** Depreciation increases prices of oil and commodities. This raises inflation and offsets benefits of real depreciation.
3. **Capital Inflow Sensitivity to Currency Trends:** Investors prefer stable or appreciating currency. They enter markets only when reversal of depreciation is visible.
4. **Speculative Dollar Positioning:** After global conflicts, investors increased dollar positions expecting further rupee fall. This adds pressure on currency.
5. **Ineffective Balance of Payments Adjustment:** Depreciation failed to improve CAD or inflows. This shows that currency adjustment alone cannot solve external imbalance.

Way Forward

1. **Reduce Dependence on FPI:** Increase stable inflows like FDI. India's **FDI to GDP is 14%**, which can be raised towards global levels of around 20%.
2. **Lower Current Account Deficit:** Focus on reducing import dependence and strengthening export capacity. This reduces vulnerability to capital flow shocks.

3. **Trade Diversification Strategy:** Expand FTAs and diversify products, sources, and destinations. This improves resilience to global demand shifts.
4. **Promote Green Energy Transition:** Reduce oil import dependence, already declining from **8.5% to 5.5% of GDP**. This lowers external vulnerability.
5. **Improve Cost Competitiveness:** Reduce logistics costs and improve efficiency. This strengthens export performance.
6. **Balanced Exchange Rate Management:** Avoid excessive depreciation and aim for stability. Nominal appreciation is better than inflation-driven adjustment.
7. **Use of Multiple Policy Instruments:** Central banks should use reserves and buffers actively. Diverse tools reduce risk from external shocks.

Conclusion

India's vulnerability to FPI is often overstated due to misreading of data and trends. Strong domestic participation, high investment, and low CAD provide stability. The focus should shift to reducing external dependence and strengthening internal drivers. A balanced strategy combining stable capital inflows, diversified trade, and policy flexibility will ensure sustained growth with lower volatility.

Question for practice:

Discuss how India's structural strengths and policy measures reduce its vulnerability to Foreign Portfolio Investment (FPI) volatility despite global economic shocks.

Source: [Businessline](#)

Need to Recalibrate CSR

UPSC Syllabus: Gs Paper 2 - Development processes and the development industry —the role of NGOs, SHGs, various groups and associations, donors, charities, institutional and other stakeholders.

Introduction

CSR was introduced to align corporate profits with social welfare through a **mandatory 2% spending rule**. Over time, its execution has changed. A large share of funds is now routed through corporate-controlled foundations, reducing independent participation. **Spending has crossed ₹25,000 crore**, yet outcomes remain limited. This reflects a gap between intent and practice. The growing centralisation, weak accountability, and declining grassroots role make it necessary to recalibrate CSR for better impact.

What is the Meaning of CSR?

1. **Basic meaning of CSR:** Corporate Social Responsibility means companies include social and environmental concerns in their business. It reflects responsibility towards society and environment.
2. **Link with sustainability and ESG:** CSR connects business with **economic, social, and environmental goals**. It follows the balance of profit, people, and planet.

3. **Core objective of CSR:** The aim is that when companies grow, society should also grow. It promotes shared development.

4. **Evolution of CSR Thinking**

- **Phase 1 (1950s–1960s):** CSR was seen as a moral duty of companies towards society. It later evolved into a relationship between business and society.
- **Phase 2 (1970s–1990s):** CSR expanded to include **ethics, stakeholders, voluntariness, philanthropy, and environmental concerns**. The idea of **triple bottom line (people, planet, profit)** became important.
- **Phase 3 (21st century):** CSR now includes **quality of life, labour rights, environmental protection, transparency, and accountability**. It has become part of responsible and sustainable development.

5. **Shift in India after mandate:** Earlier, CSR funds went mainly to independent NGOs. After the **2% CSR rule**, companies created their own foundations, shifting CSR towards internal control.

6. **Emerging concern in meaning:** CSR is moving from **responsibility to structured spending**. In many cases, focus is shifting from impact to fund management.

Major Concerns in CSR Implementation

1. **Shift to corporate-controlled CSR:** Around **60–70% CSR funds** are routed through company-owned foundations. This reduces independent implementation.
2. **Vertical integration of CSR:** The same entity controls funding, execution, and reporting. This weakens accountability and creates conflict of interest.
3. **Decline of grassroots NGOs:** Independent NGOs working in villages and slums are losing funding access. Partnerships with them have reduced sharply.
4. **Focus on visibility over impact:** Funds are moving to large, visible projects. These projects look attractive but often lack real impact.
5. **CSR as reclassification of funds:** CSR is increasingly used to restructure spending within corporate systems. It moves away from true redistribution.
6. **Regulatory burden on NGOs and donors:** Compliance rules have become stricter. Reporting requirements have increased, making operations difficult.
7. **Asymmetry in regulation:** Corporations operate with flexibility, while NGOs and individuals face strict checks. This creates an uneven system.

Impact of Existing Problems in CSR

1. **Weakening of grassroots institutions:** Due to reduced CSR funding and strict compliance, small NGOs struggle to survive. Their field presence declines.

2. **Reduction in last-mile delivery:** As grassroots NGOs weaken, service delivery in remote and vulnerable areas gets affected.
3. **Decline in innovation and diversity:** Centralised CSR within corporate systems limits local solutions. Diverse and context-based approaches get ignored.
4. **Commercialisation of CSR projects:** Corporate-controlled CSR leads to projects operating on market models. This restricts access for poor communities.
5. **Mismatch between spending and impact:** Funds are concentrated in large projects with higher costs. This reduces actual social impact despite rising spending.
6. **Loss of talent in social sector:** Instability in grassroots organisations pushes skilled people towards corporate or stable sectors.
7. **Risk to inclusive growth:** Centralisation of CSR reduces participation of smaller actors. This weakens equitable and inclusive development.

Way Forward

1. **Mandatory allocation to independent NGOs:** At least **30–40% CSR funds** should go to third-party NGOs. This restores balance and reach.
2. **Stronger transparency and disclosure:** Corporate foundations should disclose outcomes, beneficiaries, and pricing. Independent checks are needed.
3. **Simplify individual giving ecosystem:** Reduce compliance burden and improve tax incentives. Digital platforms can make verified donations easier and more accessible.
4. **Create uniform and fair regulation:** Apply equal scrutiny to corporations, NGOs, and individuals. Regulation should be based on risk, not size or influence.
5. **Support grassroots NGOs:** Provide fast-track approvals and capacity-building support. Reduce compliance pressure on small organisations.
6. **Ease foreign funding regulations:** Simplified norms can help NGOs access resources and expand their development work.
7. **Separate CSR from corporate branding:** CSR should focus on social impact, not marketing or image-building. This will improve credibility and trust.
8. **Develop a national project platform:** A central platform can guide CSR funds towards priority areas across states. This ensures better allocation and coordination.
9. **Introduce third-party impact audits:** Independent audits can ensure that CSR spending leads to measurable and real outcomes.
10. **Promote environmental responsibility:** A defined share of CSR funds can support **environmental restoration and sustainability efforts**.

11. **Encourage community participation:** Local communities and authorities should be involved in project planning and implementation. This ensures relevance and long-term success.

Conclusion

CSR remains a progressive idea, but its current design limits impact. Centralised control, weak accountability, and reduced role of grassroots actors have diluted its purpose. Reforms must restore balance, transparency, and wider participation. CSR should move from controlled spending to genuine social impact. Inclusive growth depends on decentralised efforts, where outcomes matter more than expenditure.

Question for practice:

Examine the need to recalibrate Corporate Social Responsibility (CSR) in India in light of emerging structural issues, their impact on grassroots development, and the measures required to improve its effectiveness.

Source: [Businessline](#)

Rising longevity: A threat to social security

Source: The post "Rising longevity: A threat to social security" has been created, based on "Rising longevity: A threat to social security" published in "BusinessLine" on 6th May 2026.

UPSC Syllabus: GS Paper-2- Governance

Context: The global demographic structure is undergoing a rapid transition marked by declining fertility rates and increasing life expectancy. This shift is leading to a rising proportion of elderly population (65+), which is expected to exceed 1.6 billion globally by mid-century. Such changes are disrupting the traditional balance between the working population and retirees, raising concerns about the sustainability of social security systems.

Key Demographic Trends

1. The share of elderly population is rising sharply, with projections indicating that by 2080, those aged 65+ may outnumber children below eight years.
2. Asia is expected to house nearly 60% of the global elderly population by 2060.
3. Around 63 countries have already reached peak population and are now experiencing decline.
4. While countries like China have begun population decline, sub-Saharan Africa is witnessing growth in working-age population.
5. These trends indicate a breakdown of the traditional demographic dividend.

Challenges to Social Security and Economy

1. Increasing longevity leads to a higher dependency ratio, putting pressure on pension and healthcare systems.
2. Declining birth rates reduce the working-age population, affecting tax revenues and economic productivity.
3. Existing pension systems, especially defined benefit schemes, face fiscal stress due to longer payout periods.
4. Many individuals lack adequate retirement savings, leading to fear of outliving their savings.

5. There is uncertainty in retirement planning due to longer and unpredictable life spans.
6. The imbalance between consumers (elderly) and producers (working population) threatens economic resilience.

Issues in Current Systems

1. Pension systems are often outdated with fixed retirement ages and limited flexibility.
2. Shift from defined benefit to defined contribution schemes places greater responsibility on individuals.
3. A large section of the population lacks sufficient retirement savings.
4. Retirees tend to be conservative in spending due to uncertainty about longevity.
5. Lack of mechanisms for converting savings into stable lifelong income (decumulation challenge).

Policy Measures and Reforms

1. Increasing retirement age is a widely adopted strategy to reduce fiscal burden.
2. Countries are gradually raising retirement age to 66–70 years or beyond. India, especially ageing states like Kerala, may consider similar reforms.
3. Enhancing contribution rates and reducing excessive benefits can improve sustainability.
4. Strengthening hybrid pension models like the Unified Pension Scheme (UPS) is necessary.
5. Encouraging voluntary savings and increasing contribution ceilings in schemes like NPS.
6. Avoiding unfunded pension promises that create long-term fiscal risks.
7. Promoting employer involvement in financial planning and retirement preparedness.
8. Supporting caregiving roles and flexible work opportunities for the elderly.
9. Developing a “longevity economy” where both young and old contribute productively.

Way Forward

1. Reimagine social security systems to align with multi-stage life cycles rather than fixed work-retirement phases.
2. Ensure financial literacy and awareness regarding retirement planning.
3. Build mechanisms for steady income flow post-retirement from accumulated savings.
4. Integrate public policy, employer engagement, and financial innovation.
5. Focus on inclusive and sustainable pension architecture.

Conclusion: Rising longevity is both a challenge and an opportunity. While it strains existing social security systems, it also opens avenues for productive ageing. With comprehensive reforms, societies can ensure financial sustainability, protect living standards, and harness the potential of an ageing population.

Question: “Rising longevity poses a significant challenge to social security systems worldwide.” Discuss the implications of demographic transition on pension sustainability and suggest policy measures to address these challenges.

Source: [Business Line](#)

Industrial heat pumps and the case for cleaning industrial heat

Source: The post “Industrial heat pumps and the case for cleaning industrial heat” has been created, based on “Industrial heat pumps and the case for cleaning industrial heat” published in “The Hindu” on 6th May 2026.

UPSC Syllabus: GS Paper-3- Economy

Context: Industrial sector accounts for nearly half of India’s final energy consumption, with a large share still dependent on fossil fuels. A significant portion of this energy demand is for low- to medium-temperature process heat. Decarbonising industrial heat is therefore essential not only for climate goals but also for air quality, energy security, and worker health.

Significance of Industrial Heat in Emissions

1. Industrial heat demand is widespread across sectors such as textiles, food processing, chemicals, and pharmaceuticals, making it central to production systems.
2. This demand is largely met through combustion-based technologies like boilers and furnaces, which rely heavily on coal and other fossil fuels.
3. Industrial process steam alone contributes significantly to emissions of carbon dioxide, sulphur dioxide, particulate matter, and nitrogen oxides.
4. Micro, small, and medium enterprises (MSMEs) form the backbone of manufacturing, and their energy use is often fragmented and inefficient, further aggravating emissions..

Industrial Heat Pumps as a Solution

1. Industrial heat pumps work by transferring heat from a lower-temperature source to a higher-temperature sink using electricity instead of generating heat through combustion.
2. They typically achieve a high coefficient of performance, ranging from three to five, meaning they can deliver three to five units of heat for every unit of electricity consumed.
3. These systems can convert low-grade waste heat into useful process heat, thereby improving overall energy efficiency.
4. When powered by renewable electricity, heat pumps provide a viable pathway for deep decarbonisation of industrial heat.

Advantages of Heat Pumps

1. Heat pumps significantly improve energy efficiency by reducing the total energy required for industrial heating processes.
2. They contribute to substantial reductions in greenhouse gas emissions as well as local air pollutants.
3. Their economic viability improves when renewable electricity is available at competitive prices.
4. Heat pumps enable better process integration by recovering and reusing waste heat within industrial systems.
5. They can simultaneously provide heating and cooling, which enhances operational efficiency in certain industries.
6. By reducing excessive workplace heat exposure, they also contribute to improved worker health and safety.

Industrial Application Potential

1. Heat pumps are particularly suitable for industries that require low- to medium-temperature heat, which constitutes a large share of industrial demand.
2. They are especially relevant for MSME clusters where existing systems are often outdated and operate below optimal efficiency.
3. Heat pumps can be deployed in a modular manner to meet specific process needs such as pre-heating boiler feedwater, supporting drying and washing operations, and recovering heat from industrial effluents.
4. Their adoption allows industries to shift from peak-demand-based system design to more efficient, demand-driven energy use.

Challenges in Adoption

1. The high initial capital cost of heat pump systems remains a significant barrier, particularly for small and medium enterprises.
2. These systems may face limitations in applications requiring very high temperatures, where conventional technologies still dominate.
3. Existing industrial infrastructure is largely built around combustion-based systems, making integration of new technologies complex.
4. Reliable and affordable access to electricity is essential for their operation, which may not be uniformly available.
5. Financial constraints and lack of tailored financing models limit adoption among smaller firms.
6. There is also a lack of technical awareness and skilled workforce required for installation and maintenance.
7. Policy and regulatory uncertainties further hinder large-scale deployment.

Way Forward

1. Governments should promote the electrification of industrial heat through targeted policy support and incentives.
2. Expanding access to affordable renewable electricity will be crucial for enhancing the viability of heat pumps.
3. Innovative financing mechanisms should be developed to support MSMEs in adopting such technologies.
4. Greater employer engagement is needed to integrate energy transition strategies within industrial operations.
5. Investment in research and development can help extend heat pump applications to higher temperature ranges.
6. A systems-based approach focusing on process integration and overall efficiency should be prioritised.
7. Building a comprehensive industrial decarbonisation ecosystem will ensure long-term sustainability.

Conclusion: Industrial heat pumps represent a practical and scalable solution for decarbonising industrial heat. Their adoption can deliver co-benefits in emissions reduction, energy efficiency, and worker health. However, realising their full potential requires a systemic transition involving policy support, financial innovation, and technological integration.

Question: “Industrial heat decarbonisation is critical for achieving climate and economic goals.” Discuss the role of industrial heat pumps in this transition and examine the associated challenges.

Source: The Hindu

India's Energy Security Amid Conflicts

UPSC Syllabus: Gs Paper 3- Indian economy and Infrastructure

Introduction

The conflicts in West Asia and Ukraine exposed India's deep vulnerability to global energy disruptions. Rising crude oil prices, sanctions, shipping risks, and supply-chain disruptions quickly affected inflation, growth, industrial costs, and fuel supplies in India. The crisis showed that energy security is no longer limited to securing cheap fuel. It now depends on diversified suppliers, secure maritime routes, strategic reserves, resilient infrastructure, stable supply chains, and reduced vulnerability to imported energy and critical minerals.

Breakdown of the Old Global Energy Order

- 1. Russia-Ukraine war exposed energy dependence:** The Russia-Ukraine war revealed the dangers of excessive dependence on a single supplier. Europe reduced Russian gas dependence from 45% to 12% by 2025 after facing major supply disruptions.
- 2. Shift from efficiency to energy insurance:** European countries reduced gas consumption by 20% between 2021 and 2024 and accepted spare LNG capacity despite low utilisation. Energy security became more important than market efficiency.
- 3. Strait of Hormuz became a major chokepoint:** The West Asia conflict exposed dependence on maritime energy routes. Around 25% to 34% of global crude oil passes through the Strait of Hormuz, making it central to global oil supply stability.
- 4. Countries adopted different security strategies:** China secured nearly 25 million metric tons of LNG annually through long-term contracts. Japan stockpiled 470 million barrels, equal to 254 days of consumption, while South Korea secured 273 million barrels through alternative routes.
- 5. Global oil demand patterns changed:** The IEA (International Energy Agency) forecasts a decline of 80 kb/d in global oil demand in 2026. In contrast, non-OECD (Organisation for Economic Co-operation and Development) demand may still rise by 152 kb/d, increasing the strategic importance of India's energy demand.

India's Emerging Strategic Advantage

- 1. India became a major oil demand centre:** India is now the world's third-largest oil consumer. OPEC (Organization of the Petroleum Exporting Countries) projects India's oil demand at 5.74 mb/d in 2025 and 5.99 mb/d in 2026.

2. **India gained importance over China:** The IEA projects Indian crude demand growth at 130 kb/d, compared with 80 kb/d for China. Slower Chinese demand growth increased India's importance in global oil markets.
3. **Diversification improved flexibility:** Before 2022, Russia supplied only 2% of India's crude imports. By FY2024-25, Russia's share increased to nearly 36%, making it India's largest supplier.
4. **Multiple suppliers reduced immediate risks:** India diversified imports across Russia, Iraq, Saudi Arabia, UAE, and the United States. This reduced dependence on any single supplier during disruptions.
5. **Tactical responses supported short-term stability:** Indian refiners purchased stranded Russian crude after temporary U.S. waivers. India also tied up crude supplies for nearly 60 days during the Hormuz crisis to avoid shortages.

Structural Vulnerabilities in India's Energy Security

1. **High import dependence and Hormuz exposure:** India imports around 85–90% of its crude oil needs, while nearly 40–45% imports transit through the Strait of Hormuz. This exposes India to geopolitical tensions and global oil price shocks.
2. **Exposure to economic instability:** Rising crude prices increased import bills, inflation, industrial costs, and pressure on the rupee. India's growth is projected to slow from 7.4% in FY26 to 6.5% in FY27, while inflation may rise from 2.3% to 4.4%.
3. **Refinery configuration constraints:** Indian refineries mainly process medium-to-heavy sour crude oil. Diversification towards light crude from regions like the U.S. and Latin America requires refinery modification and infrastructure investment.
4. **Geographical and freight constraints:** Alternative suppliers outside West Asia involve longer shipping routes and higher freight costs. Oil shipments from West Asia take nearly 7–14 days, while supplies from the United States may take 30–45 days.
5. **Vulnerability of maritime supply routes:** Gulf tensions in 2026 forced Indian LPG carriers to operate under naval escort during Operation Sankalp, exposing the risks in maritime energy transportation.
6. **Limited strategic petroleum reserves:** India's reserves at Mangalore, Padur, and Visakhapatnam can support demand for nearly eight weeks during complete disruption. Reserve capacity remains lower than China, Japan, and South Korea.
7. **LPG supply vulnerability:** India imports nearly 60% of its LPG requirements, while around 90% of LPG supplies normally move through the Strait of Hormuz. Global disruptions increased panic booking and pressure on domestic supply systems.

- 8. Dependence on critical minerals:** India's transition towards EVs, batteries, solar power, and storage systems may reduce oil dependence, but it may increase dependence on lithium, cobalt, nickel, copper, and rare earths.
- 9. China-centric mineral processing risks:** China controls over 91% of global rare-earth production, while India processes less than 5% of its projected 2035 battery-grade mineral requirements domestically. This creates a new strategic vulnerability in clean energy supply chains.
- 10. Dependence on external energy networks:** India's energy security remains linked to global supply chains, sanctions, shipping routes, and geopolitical rivalries. U.S. sanctions on Russian oil companies exposed the limits of tactical diversification.

Geopolitical and Economic Implications

- 1. Macroeconomic stability faced pressure:** The crisis increased import bills, weakened the rupee, and raised industrial input costs. MSMEs dependent on natural gas were also affected by rising fuel prices.
- 2. Sanctions complicated India's strategy:** U.S. sanctions reduced Russian crude flows in late 2025. India had to balance energy security with geopolitical pressure from Western countries.
- 3. Higher freight costs increased import burden:** Imports from Latin America and the United States increased transport costs and delivery time compared to Gulf suppliers.
- 4. Gulf exporters regained bargaining power:** Spare production capacity increased the bargaining power of Gulf producers. Countries dependent on Gulf energy became more vulnerable to political instability.

Government Initiatives

- 1. Fuel supply remained stable:** India sourced crude oil from more than 40 countries, with nearly 70% imports now coming through routes outside the Strait of Hormuz. Refineries operated at high capacity, sometimes above 100% utilisation.
- 2. LPG supply management improved:** The government issued an LPG Control Order to maximise production. Domestic LPG production increased by 28% within five days, while over 50 lakh cylinders continued to be delivered daily.
- 3. Maritime monitoring was strengthened:** A 24-hour control room was established to monitor vessels and support seafarers. Ports were instructed to prioritise LPG vessels and improve coordination with customs authorities.
- 4. Fiscal and diplomatic responses were used:** The government adopted diplomatic efforts to stabilise supplies and used fiscal measures such as excise duty cuts to reduce retail fuel pressure.

Way Forward

1. **Expand strategic petroleum reserves:** India needs larger onshore and offshore storage capacity to handle prolonged disruptions. Expanding reserves can improve emergency response capacity during crises.
2. **Accelerate domestic oil and gas exploration:** Greater investment in offshore and onshore exploration is necessary to reduce excessive import dependence and improve long-term supply stability.
3. **Diversify import sources and supply routes:** India should continue diversifying imports beyond the Gulf towards the United States, Latin America, and Africa while balancing freight costs and refinery compatibility.
4. **Strengthen maritime security and logistics:** Stronger naval coordination, protected shipping routes, port preparedness, and real-time maritime monitoring are necessary to ensure uninterrupted energy supplies.
5. **Upgrade refinery infrastructure:** Indian refineries need infrastructure upgrades to process different crude grades efficiently. Greater flexibility can improve India's ability to shift suppliers during disruptions.
6. **Reduce oil intensity in transport and industry:** Greater electrification in transport, industries, and households can reduce dependence on imported hydrocarbons and improve energy resilience.
7. **Accelerate renewable energy transition:** India needs faster expansion of renewable energy, battery storage, biofuel blending, and clean energy technologies to reduce long-term fossil fuel dependence.
8. **Build secure critical mineral supply chains:** India must strengthen domestic processing capacity for lithium, cobalt, nickel, copper, and rare earths because China dominates global rare-earth production.
9. **Encourage private and international participation:** Greater participation of private companies and foreign partners in strategic reserves and energy infrastructure can improve investment, technology access, and storage expansion.
10. **Develop a long-term energy security framework:** India requires stable supply contracts, resilient supply chains, regional energy partnerships, and coordinated policy planning instead of short-term crisis management.

Conclusion

India managed recent energy shocks through diversification, emergency planning, and tactical flexibility. However, high import dependence, limited reserves, vulnerable maritime routes, refinery constraints, and critical mineral dependence continue to create serious structural risks. India now needs a long-term energy security framework based on stronger reserves, domestic exploration, secure maritime networks, diversified supply chains, refinery flexibility, renewable energy expansion, and resilient critical mineral systems to reduce the economic impact of future geopolitical disruptions.

Question for practice:

Examine how recent geopolitical conflicts have exposed India's energy security vulnerabilities and assess the measures needed to build a resilient long-term energy security framework.

Source: [The Hindu](#)

India's Steel Sector Advances Towards Self-Reliance

UPSC Syllabus: Gs Paper 3- Indian economy and Infrastructure

Introduction

India's steel sector has emerged as a major driver of industrial growth, infrastructure expansion, and economic development. India became the world's second-largest steel producer in 2018 and continues to retain this position. Rising domestic demand, increasing exports, policy support, and expanding production capacity are strengthening India's journey towards self-reliance. At the same time, the sector is focusing on green steel, decarbonisation, and low-carbon technologies to support long-term sustainability and India's net-zero target by 2070.

What is Steel and Its Types

Steel is an alloy mainly made of iron, carbon (less than 2%), and manganese (1%), along with small quantities of silicon, phosphorus, sulphur, and oxygen. It is one of the world's most widely used engineering and construction materials.

Crude Steel: It is the first solid steel product formed after liquid steel solidifies. It acts as the basic raw material for other steel products.

Finished Steel: It is produced after rolling or forging semi-finished steel and is widely used in infrastructure and manufacturing.

Hot Metal, Pig Iron, and Sponge Iron: These are key iron products used in different stages of steel production.

Current Status of India's Steel Sector

- 1. Global Position and Growth:** India's share in global crude steel **production increased from 5.2% in 2014 to 7.9% in 2024**. It also became the world's second-largest consumer of finished steel.
- 2. Rising Domestic Consumption:** Finished steel **consumption increased from 77 MT in 2014-15 to 163.7 MT in 2025-26**. Infrastructure growth, urbanisation, manufacturing expansion, and rising domestic demand supported this rise.
- 3. Strong Production Momentum:** Steel production continued to expand steadily. In FY 2025-26, the cumulative **production index registered 9.1% growth over the previous year**.
- 4. Crude Steel Expansion:** Crude steel production increased from 43.44 MT in 2004-05 to 168.4 MT in 2025-26. The sector recorded nearly 9% CAGR between 2021-22 and 2025-26.

5. **Growth in Core Steel Segments:** Hot metal production increased by 7.3%, pig iron by 6.6%, and sponge iron by 9.1% during April–September 2025–26. This reflects broad-based growth across the steel sector.
6. **Finished Steel Performance:** Finished steel production reached 160.9 MT in FY 2025–26. Consumption also remained strong at 163.7 MT, reflecting sustained domestic demand.
7. **Improving Trade Position:** Steel exports increased by 29.1% in March 2026, while imports declined by 9.5%. Finished steel exports also increased by 35.8%, whereas imports declined by 46.47%.

Significance of India's Steel Sector

1. **Backbone of Industrial Growth:** Steel is one of India's major "sunrise sectors." It supports infrastructure, engineering, construction, transport, and manufacturing activities.
2. **Support to Infrastructure Development:** Construction and infrastructure accounted for nearly 68% of total steel demand in FY 2023–24. The engineering and packaging sectors contributed around 22%, while automobiles accounted for around 9%.
3. **Contribution to Self-Reliance:** A stronger domestic steel ecosystem reduces dependence on imports and supports the vision of *Atmanirbhar Bharat*. It also creates new industrial and business opportunities.
4. **Foreign Exchange and Trade Balance:** Rising steel exports improve foreign exchange earnings and strengthen the trade balance. Vietnam, Belgium, and Taiwan together accounted for more than 50% of India's finished steel exports in March 2026.
5. **Long-Term Capacity Expansion:** India aims to achieve 500 MT steel production capacity by 2047. The country has already achieved nearly 66% of the National Steel Policy production target.

Major Challenges in India's Steel Sector

1. **Import Dependence on Raw Materials:** India still imports nearly 85% of its coking coal requirement. This makes the sector vulnerable to global price volatility and supply disruptions.
2. **High Logistics and Production Costs:** Inadequate rail, road, and port infrastructure increase logistics costs. This reduces the global competitiveness of Indian steel producers.
3. **Cheap Imports and Market Pressure:** Import surges in steel products create pressure on domestic manufacturers and affect market competitiveness.
4. **Limited Specialty Steel Production:** India still depends on imports for several categories of specialty steel. This highlights the need for higher domestic production and technological upgradation.
5. **Decarbonisation Burden:** Steel production remains carbon intensive and requires major investment in renewable energy, green hydrogen, and cleaner technologies to meet net-zero goals.

6. **Technology and Efficiency Gaps:** Many steel units still require modernization and adoption of advanced technologies. Greater use of efficient and low-carbon production systems is necessary.

Government Initiatives to Support Steel Sector Growth

1. **Production Linked Incentive (PLI) Scheme:** The **PLI scheme was launched in 2021** with an outlay of ₹6,322 crore to boost high-value steel production and technology upgradation.
2. **Expansion Through PLI 1.2:** The third round of PLI covers 85 projects of 55 companies with proposed investment of ₹11,887 crore and capacity addition of around 8.29 million tonnes (MT).
3. **Promoting Domestic Manufacturing:** The Domestically Manufactured Iron and Steel Products (DMI&SP) Policy gives preference to **domestically manufactured steel in government procurement**. The “Melt and Pour Rule” promotes complete domestic production of steel.
4. **National Steel Policy 2017:** The **policy targets 300 million tonnes per annum (MTPA) crude steel capacity and 255 MTPA production by 2030–31**. It also aims to reduce coking coal import dependence from 85% to 65%.
5. **Infrastructure and Logistics Support:** The **Government is developing infrastructure across 12 major steel zones**. The **PM GatiShakti platform** includes data of over 2,100 steel units for better logistics planning.
6. **Measures to Reduce Import Dependence:** The **Steel Scrap Recycling Policy promotes domestic scrap availability**. Quality Control Orders ensure Bureau of Indian Standards (BIS)-compliant steel products and prevent sub-standard imports.
7. **Support for Global Market Access:** **India allows 100% Foreign Direct Investment (FDI) under automatic route in the steel sector**. Metallurgical industries attracted ₹1.6 lakh crore FDI between 2000 and 2025.
8. **Decarbonisation and Green Steel Initiatives**
 - (a) **Green Steel Taxonomy:** India introduced the world’s first official Green Steel Taxonomy in 2024 to promote low-carbon steel production standards.
 - (b) **Green Hydrogen and CCUS Support:** The Government is promoting green hydrogen-based steel making and Carbon Capture, Utilisation and Storage (CCUS) for cleaner production.
 - (c) **Financial Support for Low-Carbon Transition:** The **Union Budget 2026–27 allocated ₹20,000 crore over five years for CCUS technologies** in steel and other industries.
 - (d) **Energy Efficiency and Renewable Energy Measures:** Policies such as the **Perform, Achieve and Trade (PAT) scheme, National Solar Mission, and greater scrap utilisation** are improving energy efficiency and reducing emissions in the steel sector.

Way Forward for Sustainable Steel Growth

1. **Strengthening Raw Material Security:** India needs to reduce dependence on imported coking coal by expanding domestic production and improving scrap availability through recycling.
2. **Expanding Specialty Steel Production:** Greater focus is needed on domestic R&D, technology upgradation, and value-added steel production to reduce specialty steel imports.
3. **Improving Logistics and Infrastructure:** Better rail, road, and port connectivity across steel zones is necessary to lower logistics costs and improve global competitiveness.
4. **Accelerating Green Steel Transition:** The sector needs faster adoption of renewable energy, green hydrogen, energy-efficient technologies, and low-carbon production systems to meet net-zero targets.
5. **Increasing Scrap Utilisation and Circular Economy:** Higher use of steel scrap can reduce energy consumption, water usage, and greenhouse gas emissions while supporting sustainable production.
6. **Promoting Technology and Innovation:** Wider adoption of AI, digital technologies, and best available technologies can improve productivity, quality control, logistics, and sustainability across the steel value chain.
7. **Enhancing Global Competitiveness:** India needs stronger export capacity, stable trade policies, and better integration with global markets to strengthen its position as a leading steel producer.

Conclusion

India's steel sector is steadily moving towards higher production, stronger domestic capacity, reduced import dependence, and greater global competitiveness. Government reforms, PLI incentives, infrastructure support, and rising exports are strengthening self-reliance. At the same time, green steel, renewable energy, hydrogen technology, and decarbonisation measures are helping build a sustainable and future-ready steel ecosystem aligned with India's net-zero target by 2070.

Question for practice:

Evaluate the progress made by India's steel sector towards self-reliance and sustainability, along with the major challenges and government initiatives supporting its growth.

Source: [PIB](#)

Karnataka's New Gig Worker Grievance System

UPSC Syllabus- GS Paper II: Welfare schemes for vulnerable sections of the population; Issues relating to development and management of Social Sector/Services.

Introduction

India's gig economy has expanded rapidly with the rise of platforms such as Uber, Ola, Zomato, Swiggy and Amazon, creating employment opportunities for millions. However, this growth has also exposed workers to job insecurity, arbitrary account deactivation, low wages, and lack of social security.

On **May 1, 2026 (International Workers' Day)**, Karnataka operationalised India's first government-backed grievance redressal mechanism for platform-based gig workers under the **Karnataka Platform-Based Gig Workers (Social Security and Welfare) Act, 2025**. The move marks an important step toward formalising protections for workers in the platform economy.

About Karnataka's New Grievance System

- 1. Complaint filing through IPGRS-** Gig workers can now register complaints through the **Integrated Public Grievance Redressal System (IPGRS)** regarding payment issues, unfair penalties, unsafe working conditions, and arbitrary suspensions.
- 2. Internal Dispute Resolution Committee (IDRC)-** Every aggregator platform must establish an Internal Dispute Resolution Committee to handle worker complaints.
- 3. Time-bound resolution-** The committee must attempt resolution within **15 working days** and issue a final order within **45 days**.
- 4. Appeal mechanism-** Workers dissatisfied with the decision can appeal before the **Karnataka Gig Workers Welfare Board** within 30 days.
- 5. Welfare measures-** The State has introduced a **1% welfare fee on platform transactions** to fund benefits such as insurance, maternity benefits, disability support, and old-age protection.
- 6. Worker database creation-** Around **12 lakh gig workers** have already been registered by various platforms, though duplication issues remain due to workers operating on multiple platforms.

Significance of the Move

- 1. Recognition of gig workers-** For a long time, delivery partners, cab drivers, and other platform workers remained largely invisible in policy discussions despite being an essential part of urban life. Karnataka's move formally acknowledges them as an important segment of India's workforce that deserves legal protection and dignity.
- 2. Brings accountability to platforms-** Gig workers often faced sudden account suspensions or deactivations with little explanation, leaving them without income overnight. The new grievance mechanism introduces accountability by ensuring that platforms cannot act arbitrarily.
- 3. Strengthens social security framework-** The proposed welfare fund can provide a much-needed safety net for workers who often lack health insurance, accident coverage, maternity benefits, or old-age support. This is especially important as gig work is often uncertain and income can fluctuate.

4. Model for other states- Karnataka has taken an early lead in regulating platform work, and its model could encourage other states—and eventually the Union government—to adopt similar reforms for gig workers across India.

Challenges in its implementation

1. Worker classification ambiguity- Most platforms continue to classify gig workers as “partners” or independent contractors rather than employees. This allows companies to avoid extending traditional labour rights such as minimum wages, paid leave, and job security.

2. Enforcement challenges- Creating laws is easier than implementing them. Ensuring that large digital platforms comply with grievance timelines and welfare obligations may remain difficult due to limited regulatory capacity.

3. Data duplication issues- Many workers earn through multiple apps at the same time. This creates overlap in registration data and makes benefit delivery more complicated.

4. Limited awareness among workers- A large number of gig workers may not be fully aware of their rights, complaint mechanisms, or welfare benefits, reducing the effectiveness of these reforms.

5. Concerns of platforms over rising costs- The 1% welfare fee may face resistance from companies that argue additional costs could affect business operations and platform growth.

6. Absence of a national legal framework- While the Code on Social Security, 2020 mentions gig workers, India still lacks a comprehensive nationwide framework to regulate this rapidly growing workforce.

Way Forward

1. Create a national framework for gig workers- India needs a uniform legal framework that clearly defines the rights and responsibilities of platforms and gig workers across states.

2. Ensure portability of benefits- Since many workers operate on multiple platforms, social security benefits should remain portable and linked to the worker rather than a single company.

3. Improve awareness and digital literacy- Governments and platforms should conduct awareness campaigns so workers understand how to use grievance portals and claim benefits.

4. Introduce unique worker IDs- A unique identification system can reduce duplication and ensure smoother delivery of welfare benefits.

5. Balance innovation with worker protection- Regulation should protect workers’ rights without discouraging innovation and job creation in the digital economy.

6. Expand social protection coverage- Over time, benefits such as health insurance, pensions, accidental insurance, maternity support, and paid leave should be gradually extended to gig workers to make employment more secure.

Conclusion

Karnataka's new grievance system reflects the changing nature of work in the digital age. While gig platforms have transformed employment opportunities, they cannot operate without accountability. Protecting gig workers is not just a labour issue-it is a matter of dignity, social justice, and inclusive economic growth. Karnataka has taken an important first step; the challenge now is scaling this model across India.

Question for Practice- "The rise of the gig economy has created new employment opportunities but also new forms of labour vulnerability." Discuss in the context of recent policy measures for gig workers in India. (15 Marks)

Source- [TH](#)

Fixing Structural Deficits in India's Health System

UPSC Syllabus: GS Paper 2 - Governance, Health, Issues related to development

Introduction

India has significantly expanded medical infrastructure by increasing medical colleges, AIIMS institutions, and MBBS/PG seats. In March 2026, the government informed Parliament that **43 new medical colleges, 11,682 MBBS seats, and 8,967 postgraduate seats** were approved for 2025-26. However, better healthcare outcomes require not just infrastructure expansion but also strong human resources, governance reforms, and improved service delivery

Structural Deficits in India's Health System

- 1. High vacancy rates in CHCs-** According to the **Health Dynamics of India 2022-23 report**, Community Health Centres (CHCs) face a massive **79.9% vacancy rate**, with only **4,413 specialists available against a requirement of 21,964 specialists**. This highlights the severe shortage of doctors in rural healthcare.
- 2. Overburdened district hospitals-** Due to poorly functioning CHCs, patients are often forced to travel long distances to district hospitals and medical colleges for basic specialist care, increasing pressure on tertiary healthcare institutions.
- 3. Infrastructure without operational readiness-** Many newly built hospitals and health institutions lack essential medicines, diagnostic facilities, ambulance services, and adequate medical staff. Infrastructure creation alone cannot ensure better healthcare delivery.
- 4. Rising privatisation of medical education-** Out of the **43 newly approved medical colleges, 27 belong to the private sector**, which raises concerns about affordability and weakens public healthcare accountability.
- 5. Poor working conditions in remote areas-** Doctors often avoid rural postings due to inadequate housing, lack of quality schooling for children, poor medical equipment, and limited professional support in remote areas.

6. Weak workforce planning- India produces thousands of specialists every year, yet vacancies in public health institutions remain unfilled due to poor coordination between medical education and healthcare workforce planning.

Way Forward

1. Shift focus from infrastructure to health outcomes- Healthcare investments should move beyond constructing buildings and focus on actual service delivery. Availability of medicines, diagnostics, emergency care, and trained staff should become key indicators of success.

2. Provide incentives for rural service- Doctors serving in difficult areas should receive higher salaries, better housing facilities, education support for children, and faster career progression. States like Chhattisgarh have already experimented with such models.

3. Link postgraduate seats with mandatory service- Government-funded postgraduate medical seats can be linked with compulsory service in underserved areas to ensure public investment strengthens rural healthcare delivery.

4. Strengthen district-level healthcare systems- Instead of creating numerous poorly functioning CHCs, the focus should be on developing a few fully equipped and well-staffed healthcare centres in each district. Quality should take precedence over quantity.

5. Improve healthcare governance- Faster recruitment, better Centre-State coordination, transparent transfers, and stronger accountability mechanisms are necessary to improve public health administration.

6. Promote team-based healthcare delivery- Posting complete teams of specialists, nurses, and support staff together can improve efficiency, reduce stress on doctors, and enhance public trust in government hospitals.

Conclusion

India's health system requires structural reforms that go beyond physical infrastructure. Addressing shortages of doctors, improving governance, and ensuring equitable healthcare access will be critical for achieving universal health coverage.

Question for Practice- "India's healthcare crisis stems more from structural governance failures than lack of infrastructure." Discuss. (15 Marks)

Source- [TH](#)

Building hazards: On preventing and fighting fires

UPSC Syllabus- GS 3- Syllabus-Disaster and disaster management.

Introduction

Recent fire accidents in Indian cities once again expose the fragile state of urban safety infrastructure. The latest fire incident in Shahdara, East Delhi, which claimed nine lives and left around 15 people seriously injured,

Created with love ❤️ by ForumIAS- the knowledge network for civil services.
Visit academy.forumias.com for our mentor based courses.

highlighted how poor building design and inadequate emergency preparedness can turn residential spaces into death traps.

Earlier, a fire in Palam, Delhi, in March also killed nine members of a family, raising concerns over poor firefighting access and lack of safety measures. These repeated incidents reflect deeper structural issues in urban planning, fire safety compliance, and electrical infrastructure.

Why are such fire incidents increasing?

- 1. Unsafe Building Design-** Many buildings prioritize security features such as electronic locks, restricted terrace access, and metal grills, which often become obstacles during emergencies and delay evacuation.
- 2. Poor Fire Safety Compliance-** Several residential and mixed-use buildings lack basic fire safety measures such as fire exits, alarms, smoke detectors, sprinkler systems, and emergency staircases.
- 3. Poor Access for Fire Services-** Narrow roads, illegal constructions, and urban planning failures often prevent fire engines and rescue teams from reaching accident sites on time.
- 4. Electrical Overloading-** Overuse of high-load appliances, poor wiring, and failure of circuit breakers frequently trigger fires, especially during summer months.

Broader Urban Governance Issues

- 1. Weak Enforcement of Building Rules-** Municipal authorities often fail to strictly implement fire safety regulations, allowing unsafe buildings to operate without proper compliance.
- 2. Illegal Constructions-** Unauthorized floors, encroachments, and unsafe structural changes make buildings more vulnerable during fire emergencies.
- 3. Lack of Public Awareness-** Many residents overlook basic fire safety measures and realize their importance only after accidents occur.
- 4. Reactive Governance-** Authorities often focus on advanced solutions like drones and robots while basic preventive mechanisms remain weak.

Way Forward

- 1. Strict Enforcement of Fire Safety Norms-** Regular safety audits should be conducted in residential, commercial, and mixed-use buildings to ensure compliance.
- 2. Better Urban Planning-** Cities need wider roads, better emergency access routes, and removal of illegal encroachments that obstruct rescue operations.
- 3. Strengthening Electrical Infrastructure-** Standard wiring systems and proper load management should be ensured to prevent electrical fires.

4. Mandatory Safety Drills- Regular evacuation drills should be conducted in residential societies, schools, and offices to improve preparedness.

5. Smart Use of Technology- Technology such as drones and robots should strengthen firefighting efforts but cannot replace basic safety measures.

6. Greater Public Awareness- Citizens should avoid unsafe building modifications such as blocked exits and permanent grills.

Conclusion

Urban fire accidents are not merely accidental—they are often the result of poor planning, weak regulation, and public negligence. As Indian cities grow vertically and become denser, ensuring fire safety must become a core component of urban governance rather than an afterthought. Saving lives begins with getting the basics right.

Practice Question- Q. Repeated fire accidents in Indian cities highlight deeper issues in urban planning and safety governance. Examine the causes behind such incidents and suggest measures to improve urban fire safety preparedness. (15 Marks, 250 Words)

Source- [TH](#)

Governor's Discretion vs Democratic Mandate : The Tamil Nadu Controversy

UPSC Syllabus- GS 2- Functions and responsibilities of the Union and the States, issues and challenges pertaining to the federal structure, separation of powers, dispute redressal mechanisms and institutions

Introduction

The recent delay by Tamil Nadu Governor Rajendra Arlekar in administering the oath to Vijay as Chief Minister has once again sparked debate over how far a Governor's discretion can go when weighed against the people's democratic mandate.

The controversy began after the Governor reportedly asked Vijay to furnish proof of support from 118 MLAs- the majority mark in the 234-member Assembly-before inviting him to form the government.

Political Background

- Tamilaga Vettri Kazhagam emerged as the **single largest party** with **108 seats** in the Assembly elections.
- Support from Indian National Congress increased its strength to **113 seats**, still short of the majority mark.
- As per established convention, the Governor generally invites the largest party/alliance to form the government and asks it to prove majority through a floor test.

The Governor's demand for prior proof of majority has been criticised by opposition leaders and

constitutional experts

Usual Procedure in Government Formation

In case of a fractured mandate, the Governor typically:

- Invites the party/alliance claiming majority
- Administers oath to the Chief Minister-designate
- Appoints a pro-tem Speaker
- Directs the new government to prove majority on the Assembly floor

The floor of the House is considered the only legitimate forum to test majority support.

What the Constitution Actually Prescribes

The Standard Protocol for Government Formation

In situations of a fractured or hung mandate, the accepted constitutional sequence followed by a Governor is:

1. **Invite** the single largest party or alliance with a credible claim to majority.
2. **Administer the oath** of office to the Chief Minister-designate.
3. **Appoint a Pro-tem Speaker** to oversee the newly constituted Assembly.
4. **Direct the government** to prove majority support on the floor of the House within a stipulated time.

Judicial Precedents: The Supreme Court's Consistent Stand

The Supreme Court of India has repeatedly and unambiguously affirmed the primacy of the floor test as the constitutional mechanism for resolving questions of majority:

1. The 2018 Karnataka Crisis

Following Assembly elections in which the BJP emerged as the single largest party, the Governor invited B.S. Yediyurappa to form the government and granted him 15 days to prove majority — despite a post-poll Congress–JD(S) alliance. The Supreme Court, under then-CJI Dipak Misra, intervened decisively, **compressing the timeline to just 36 hours**. The BJP failed to demonstrate majority; the Congress–JD(S) alliance subsequently formed the government.

2. The 2016 Uttarakhand Crisis

In a case involving Chief Minister Harish Rawat, the Supreme Court directed that majority be proven on the Assembly floor, explicitly characterising the **floor test as the ultimate constitutional method** for determining a government's numerical support.

Both cases establish a clear judicial precedent: **Governors cannot indefinitely delay or pre-empt the floor test process.**

Competing Arguments: Governor's Discretion vs. Democratic Mandate

1. Arguments Supporting the Governor's Action

- Ensuring the formation of a stable government rather than a minority one.
- Preventing political defections and horse-trading before a floor test.
- Seeking advance assurance to avoid post-oath political uncertainty.

2. Arguments Against the Governor's Action

- It goes beyond established constitutional conventions governing government formation.
- It delays the exercise of the people's electoral mandate without constitutional sanction.
- It expands the Governor's role beyond that of a constitutional head, effectively substituting gubernatorial judgment for that of the legislature.
- Former Union Law Minister Ashwani Kumar termed the move a "**political outrage**" and a "**constitutional heresy.**"

Key Constitutional and Governance Concerns

1. Unclear Scope of Discretionary Powers: The Constitution does not explicitly delineate the Governor's discretionary powers in the case of a hung Assembly, leaving significant room for subjective interpretation and potential misuse.

2. Perception of Political Partisanship: Governors are frequently accused of acting in alignment with the Union government's political interests rather than as impartial constitutional authorities — undermining the credibility of the office.

3. Delay in Government Formation: Unnecessary delay in inviting a party or alliance to form the government creates a governance vacuum, administrative paralysis, and provides opportunities for political horse-trading.

4. Impact on Federalism: Recurring conflicts between Governors and elected State governments raise deeper concerns about the erosion of State autonomy and the weakening of cooperative federalism — a cornerstone of India's constitutional design.

Way Forward

1. Codify the Invitation Protocol- A clear, legally binding order of preference for inviting parties to form the government — particularly in hung Assembly situations — should be codified, whether by Parliament, the Election Commission, or a constitutional amendment. Ambiguity is the root cause of abuse.

2. Mandate Time-Bound Floor Tests- The Supreme Court's directive in the Karnataka case should be elevated from judicial precedent to codified constitutional practice, with specific, enforceable timelines for floor tests after a government is sworn in.

3. Depoliticise Gubernatorial Appointments- The Sarkaria Commission and the Punchhi Commission both recommended that Governors be appointed through a consultative process involving State governments, and

that their discretionary powers be strictly circumscribed. These recommendations remain unimplemented and deserve urgent legislative attention.

4. Assert Constitutional Neutrality- Governors must internalise their role as constitutional referees - not political actors. Their conduct must be guided by constitutional morality and democratic convention, not the political preferences of the party that appointed them.

5. Robust Judicial Oversight- Courts must remain willing to intervene swiftly and decisively when constitutional offices are used for partisan ends. Judicial review is the last institutional safeguard of constitutional morality.

Conclusion

The recent developments in Tamil Nadu once again reflect the ongoing conflict between constitutional discretion and democratic mandate in India's parliamentary system. Although Governors enjoy certain constitutional powers, their actions must remain guided by democratic conventions, federal principles, and constitutional morality. Ultimately, the legitimacy of majority support can only be determined on the floor of the legislature, not at Raj Bhavan.

Question for Practice- Q. "The role of the Governor in government formation often creates tensions between constitutional discretion and democratic mandate." Examine in the context of hung assemblies.

Source- [IE](#)