

The Hindu Important News Articles For UPSC CSE

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The **12th BRICS Environment Ministers' Meeting** in New Delhi, held under India's chairship, culminated in a joint declaration condemning unilateral climate measures. The coalition strongly criticized the European Union's **Carbon Border Adjustment Mechanism (CBAM)** as "unilateral, punitive, discriminatory, and protectionist." As CBAM enters its definitive financial phase, this collective response highlights a deepening friction between developed market regulations and the economic realities of the Global South.

Key Issues & Deep Analysis

- **Economic Threat to Global South Exports:** CBAM acts as a tariff on carbon-intensive imports like steel, aluminium, cement, and fertilizers. For India, where iron and steel constitute ~90% of affected EU exports, this reduces export competitiveness and threatens revenues.
- **Violation of UNFCCC Principles:** BRICS nations argue CBAM undermines the **Common But Differentiated Responsibilities and Respective Capabilities (CBDR-RC)** principle. It shifts the financial burden of climate action onto developing nations without accounting for historical emissions.
- **Weaponization of Green Trade:** Designed by the EU to prevent "carbon leakage," the mechanism is perceived by developing states as disguised green protectionism, aimed at safeguarding domestic industries.
- **Adaptation Finance Shortfall:** The joint statement highlighted that developed nations must fulfill their UN commitments to triple adaptation finance by 2035 via grants and non-debt, concessional funding.

BRICS calls EU's carbon tax 'punitive, unilateral'

Ministers say it could undermine efforts of developing countries to address climate change; they urge developed nations to honour financial commitment agreed to at 2025 UN climate conference

Jacob Koshy
NEW DELHI

BRICS countries on Tuesday opposed what they described as "unilateral, punitive, discriminatory and protectionist" climate measures, including the European Union's Carbon Border Adjustment Mechanism (CBAMs), while calling for a significant increase in international funding to help developing countries adapt to climate change.

The positions were contained in the joint statement adopted at the 12th BRICS Environment Ministers' Meeting in New Delhi, held under India's chairship. The Ministers specifically said that carbon border measures such as CBAMs could "undermine developing countries' efforts to address climate change and build resilience".

The statement comes as the European Union's CBAM entered its definitive phase from January 1 this year. The mechanism re-



Union Minister Bhupendra Patel at the 12th BRICS Environment Ministers' Meeting in New Delhi on Tuesday. ANI

quires importers of carbon-intensive products, consisting of iron and steel, aluminium, cement, fertilizers, hydrogen and electricity, to account for the carbon emissions associated with their production. The EU says the measure is intended to prevent "carbon leakage" — the shifting of carbon-intensive production outside the bloc because of differences in climate policies.

Significant exposure
India is among the countries with significant exposure to the mechanism,

particularly through its steel exports. A recent analysis found that iron and steel account for about 90% of India's exports to the EU that fall within the CBAM framework. A June 2026 analysis in *Nature Climate Change*, based on shipment-level trade data and facility-level emissions estimates, found that high-emission Indian steel firms had reduced their export quantities and revenues to the EU during the CBAM reporting phase, while lower-emission firms maintained their export levels. The BRICS position the-

refore comes as the EU and India move to implement a free trade agreement negotiated earlier this year, while Indian exporters face the additional carbon-related compliance requirements in the European market.

Hike adaptation finance
The Ministers also called for an urgent increase in adaptation finance from developed countries. They said support should be "new, additional, predictable, adequate and accessible", and should be provided through grants and concessional finance without increasing the financial vulnerabilities of developing countries. They urged developed countries to meet the commitment agreed at the 2025 UN climate conference to triple adaptation finance to developing countries by 2035.

Adaptation finance is used to help countries and communities cope with climate impacts, including measures to strengthen water security, agriculture, infrastructure, and so on.

Related Static Dimensions

General Studies II: International Relations & Bilateral Trade

- **Multilateral Diplomacy:** Conflict between WTO rules (Non-Discrimination principle) and EU's unilateral trade-climate policy.
- **Global South Coalition:** BRICS acting as a unified voice to advocate for equitable global trade frameworks.

General Studies III: Environment, Climate Change & Economy

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Daily News Analysis

- **Climate Finance (UNFCCC / Paris Agreement):** Historical liability vs. present emissions; funding adaptation vs. mitigation strategies.
- **Impact on Indian Industry:** Transition costs for heavy industries (e.g., Green Steel technology) to comply with international carbon accounting standards.

Core Arguments & Strategic Imperatives

- **Equity vs. Market Barriers:** Climate policy must not create trade barriers that stifle growth in developing economies.
- **Predictable Support:** Adaptation funding needs to be new, additional, accessible, and transparently tracked.
- **Domestic Counter-Measures:** Countries like India must accelerate clean technology adoption while negotiating carbon accounting offsets in bilateral free trade agreements (FTAs).

Conclusion

The BRICS declaration underscores that climate action cannot come at the expense of equitable economic development. Rather than punitive measures that penalize developing economies, global climate governance must rely on technology transfers, predictable adaptation finance, and collaborative decarbonization. For India, balancing green industrial transformation with strong diplomatic negotiations remains crucial to safeguarding its trade interests.

UPSC Prelims Practice Questions

Question: The term "carbon leakage", frequently used in discussions on CBAM, refers to:

- A. Release of carbon dioxide due to forest fires
- B. Relocation of carbon-intensive production to jurisdictions having relatively weaker climate regulations
- C. Leakage of carbon dioxide from underground carbon-storage facilities
- D. Transfer of carbon credits between countries

Ans: B)

UPSC Mains Practice Questions

Question: The growing use of unilateral trade measures in the name of climate action poses a challenge to the multilateral trading system. Discuss with reference to the European Union's Carbon Border Adjustment Mechanism. **(10 Marks, 150 Words)**

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The debate surrounding Bihar's alcohol ban—enacted in 2016—has resurfaced following a recommendation by the India Policy Forum 2026 advocating for its repeal. The proposal cites fiscal revenue losses (estimated at ~14% of state revenue) and a lack of significant reduction in reported crimes against women. However, public health epidemiologists argue that relying solely on macro police data presents an incomplete picture, masking positive social, health, and domestic outcomes.

Bihar's alcohol ban has been a success for social wellness, data show

The authors of a new report have argued that Bihar's ban on alcohol has not really led to a drop in violence against women and that the ban has cost the State valuable revenue; these contentions are incorrect and incomplete as the crime data do not cover all violence; often, only severe violence is reported as crime

Siddhesh Zadey

Recently, a report titled 'Macro Perspective of Bihar's Development Achievements, Unfinished Agenda, and the Way Forward' presented at the India Policy Forum 2026 received widespread media attention. While it is a good and timely report, one of the recommendations it makes is flawed from public health and social development perspectives: that the State of Bihar should lift its alcohol ban.

To this end, the reports' authors have argued that the ban has not really led to a decrease in violence against women and that the ban cost the State valuable revenue. However, these contentions are incorrect and incomplete, respectively.

Caution with crime data
On the first, crime data from the National Crime Records Bureau are often used as a proxy for the most severe forms of violence against women. Per the report, the total number of crimes reported against women has increased over the years in Bihar and that this rise is not punctuated by the alcohol ban. However, the crime data do not cover all violence. Often, only severe violence is reported as crime. Instances of violence perpetrated by family members, friends, and those close to the victim in the community are also rarely reported. As a result, several instances of violence are unreported in this data.

While useful, crime data should also be used with caution. An increase in the total number of crimes 'reported' against women can be explained by well-known secular improvements in crime reporting in India, to de-stigmatisation, to public awareness, to better legal aid, and to efforts by the law enforcement. A rise in reporting is not synonymous with there being more crime against women per se.

Using a blanket outcome such as the total number of crimes against women is also problematic. Only certain crimes can be tied to alcohol use among violent perpetrators. An appendix figure in the report also shows that the incidence of rape in fact decreased or somewhat flattened out after the alcohol ban, especially until 2020, when the COVID-19 pandemic began. To understand policy effects, specific outcomes tied to how the policy is intended to act will be better than blanket outcomes.

Assessing a ban
Evidence generation and synthesis involve description, association, and causation. While descriptive evidence helps allocate resources and association helps identify patterns, neither can drive policy action, especially for interventions.



Former Bihar Chief Minister Nitish Kumar looking at a poster during the Non Alcohol Prohibition Day function in Patna. FILE PHOTO

Ideally, causal evidence should drive policy action. Well-conducted quasi-experimental studies designed to answer that question—e.g. "how much did the alcohol ban reduce violence against women?"—would be the way to go. An emerging body of literature on how the ban has affected violence also includes a couple of quasi-experimental evaluations with better validity for causal claims. This literature supports two important conclusions.

First, the majority of these studies indicate that since the ban, intimate partner or spousal violence against women has decreased substantially in Bihar compared to decreases in other States in the same period, after accounting for several factors that could influence this relationship. One of these studies, in *The Lancet Regional Health* in 2024, concluded that the ban had prevented more than 21 lakh cases of violence. While there might be some differences with respect to the extent of reduction across physical, sexual, and emotional violence recorded by different studies, the reduction in intimate partner violence overall is clear.

Second, there is a limited number of studies investigating the effects of bans on crime outcomes. That said, the sole peer-reviewed quasi-experimental study on the topic, published in mid-2024, noted a significant drop in the number of assaults on women. More and better research is certainly required to tie the alcohol ban to crime outcomes.

Health economic evaluations of the Bihar alcohol ban are key and are currently missing; the social value of losses has been estimated to be more than three-times the economic gains from alcohol excise taxes

Studies have also assessed the effects of the ban on non-communicable disease outcomes such as hypertension, diabetes, and obesity and have found substantial reductions among men. The aforementioned *The Lancet* study also noted that the ban prevented 18 lakh cases of overweight/obesity among men.

Taken together, the current quasi-experimental epidemiologic literature does not support the claim that the ban has not worked.

Distracting binary
Further, the argument about lost State revenue is based on an incomplete assessment. The losses worth "14% of the State revenue" need to be balanced against the medium- and long-term economic gains to society from better population health, safety, and wellbeing.

Health economic evaluations of the Bihar alcohol ban are key and are currently missing, although a 2019 estimate in the *International Journal of Drug Policy* estimated that alcohol use in India is associated with "an average loss of 1.45% of the gross domestic product per

year to the Indian economy", or around ₹98 lakh crore, after adjusting for tax receipts. The social value of losses has also been estimated to be more than three-times the economic gains from alcohol excise taxes.

Even if the ban is to be lifted, doing so must not undo the health and social benefits it has achieved. The more relevant question to ensure this is: over the last 10 years, have mental health and addiction services scaled up, public education and awareness increased, and employment and educational opportunities expanded?

Most importantly, 'ban' or 'no ban' are not the only policy alternatives. The last 70 years of alcohol research worldwide, endorsed by all major clinical and public health organisations, including the World Health Organization, suggest a veritable menu of alcohol control policy options. Policies that restrict alcohol availability, such as rationing systems, could be a softer intermediate step, to be complemented with policies to control access, economics, and education. In other words, instead of debating lifting the ban, the focus should be on considering whether other, less restrictive and enforceable policy options will be better.

Siddhesh Zadey is a cofounder of the Association for Socially Applicable Research (ASAR) and a doctoral candidate in the Department of Epidemiology at Columbia University Mailman School of Public Health. siddzadey@asarforindia.org

THE GIST

The report titled 'Macro Perspective of Bihar's Development Achievements, Unfinished Agenda, and the Way Forward' recommends lifting the alcohol ban in Bihar; however, its contentions are incorrect and incomplete.

A majority of studies indicate that since the ban, intimate partner or spousal violence against women has decreased substantially in Bihar compared to decreases in other States in the same period.

The losses worth "14% of the State revenue" need to be balanced against the medium- and long-term economic gains to society from better population health, safety, and wellbeing.

Key Issues & Deep Analysis

- **Critique of NCRB Crime Data as a Proxy:** National Crime Records Bureau (NCRB) statistics measure reported severe crimes, not total violence. An increase in reported cases often reflects improved legal access, reduced social stigma, and better policing rather than an actual surge in violence.

Daily News Analysis

- **Causal Evidence on Intimate Partner Violence (IPV):** Quasi-experimental studies (including research published in The Lancet Regional Health) indicate that the prohibition prevented over 21 lakh cases of intimate partner violence in Bihar relative to control states, alongside a noticeable decline in physical assaults.
- **Broader Public Health Outcomes:** Beyond domestic safety, the policy contributed to measurable health gains among men, including reductions in non-communicable disease risk factors such as hypertension and overweight/obesity.
- **Economic Cost vs. Social Value:** While the state forfeits excise tax revenue, these losses must be weighed against the broader societal and economic costs of alcohol consumption—estimated globally and nationally to draw down substantial GDP through healthcare burdens, lost productivity, and social harm.

Related Static Dimensions (UPSC Syllabus Alignment)

General Studies I: Indian Society & Social Issues

- **Impact on Vulnerable Groups:** Influence of substance control on domestic well-being, gender-based violence, and household financial stability in rural and low-income settings.
- **Social Reform vs. State Regulation:** The historical and constitutional context of state-driven social engineering.

General Studies II: Governance, Constitution & Public Policy

- **Directive Principles of State Policy (DPSP): Article 47** of the Indian Constitution mandates the State to endeavor to bring about the prohibition of the consumption of intoxicating drinks and drugs harmful to health.
- **Policy Evaluation Metrics:** The necessity of using nuanced, quasi-experimental research over blunt administrative indicators when assessing complex social welfare interventions.

General Studies III: Economic Development & Public Finance

- **Fiscal Federalism vs. Social Welfare:** Balancing state revenue requirements (excise duties) against public health costs and societal externalities.

Core Arguments & Strategic Imperatives

- **Moving Beyond Binary Options:** Policy choices are not restricted to a total ban versus complete deregulation. The World Health Organization (WHO) advocates for intermediate alcohol control frameworks, including rationing systems, availability restrictions, dynamic pricing, and targeted taxation.
- **Strengthening Support Ecosystems:** Any transition in alcohol policy must be accompanied by expanded mental health infrastructure, accessible de-addiction centers, public awareness initiatives, and economic opportunities.
- **Evidence-Based Policy Making:** Governance decisions should rely on rigorous causal evaluations rather than purely descriptive economic or crime metrics.

Conclusion

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Daily News Analysis

The discussion around Bihar's prohibition highlights the friction between immediate state revenue imperatives and long-term socio-health benefits. While administrative and enforcement challenges remain, an abrupt repeal risks reversing documented gains in domestic safety and public health. Sustainable governance requires moving past a simple "ban or no ban" binary toward calibrated, evidence-backed alcohol regulation supported by strong public health infrastructure.

UPSC Prelims Practice Questions

Question: Which of the following best describes the "externality" associated with alcohol consumption?

- A. The difference between the wholesale and retail price of alcohol
- B. Costs imposed on third parties that are not fully reflected in the private cost of consumption
- C. The revenue earned by the government through excise duty
- D. The difference between domestic and international alcohol prices

Ans: B)

UPSC Mains Practice Questions

Question: Alcohol prohibition is not merely a question of individual choice; it has significant implications for family welfare, gender relations and social stability. Discuss. **(10 Marks, 150 Words)**

Daily News Analysis

Page 08: GS II : International Relations / Preliminary Examination

The United States has recently escalated trade rhetoric against India, with a White House report accusing New Delhi of ranking among the top "enablers" of China's U.S. tariff evasion. The core accusation alleges that Indian firms import Chinese goods, make minor or cosmetic modifications, and re-export them to the U.S. under lower tariff rates. However, a closer look at industrial data reveals that Indian manufacturing is undergoing a structural shift—moving from importing finished items to sourcing **intermediate goods** necessary for domestic assembly and value creation under initiatives like Make in India.

Key Issues & Deep Analysis

- **Accusation of Tariff Evasion vs. Value Addition:** The U.S. frames India's imports from China as "transshipment" or "tariff circumvention". In reality, the rising share of intermediate components reflects domestic assembly and industrial integration rather than cosmetic packaging.
- **Critical Dependence on Intermediate Goods:** Chinese inputs—ranging from active pharmaceutical ingredients (APIs) to electronics and solar cell components—serve as critical inputs for Indian manufacturing and export competitiveness.
- **Pattern of Asymmetric Trade Concessions:** Historical precedent shows India repeatedly capitulating to unilateral U.S. trade demands:
 - Reduction of tariffs on high-end motorcycles (cut from 60–75% down to 50% in 2018, and further to 40% in Feb 2025).
 - Import duty slashes on agricultural and seafood inputs (e.g., shrimp feed, frozen duck, turkey).
 - Diversification away from discounted Russian crude under American pressure.
 - Softening stance on Foreign Direct Investment (FDI) in e-commerce inventory models.
- **Risk of Moral Hazard in Bilateral Relations:** Repeated unilateral concessions without reciprocal trade benefits have emboldened Washington to expand its demands on Indian domestic and foreign economic policies.

Related Static Dimensions (UPSC Syllabus Alignment)

General Studies II: International Relations & Global Governance

- **India–U.S. Strategic vs. Economic Friction:** Managing the contradiction between strong strategic/security alignment (e.g., Quad) and persistent trade disputes.

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Time to push back

The U.S. has been emboldened to make increasing demands on India

The latest accusation levelled by the United States against India has the potential to be the most harmful to the Indian economy. A recent White House report, naming around 40 countries in all, has said that India ranks among the top 'enablers' of China's evasion of U.S. tariffs. The accusation is that India and these other countries are importing Chinese goods, making minor modifications to them, and then exporting them to the U.S. at lower tariffs than what Chinese goods would have faced. The fact that Chinese imports form a significant pillar of Indian manufacturing is no secret. Yet, the nature of these imports is slowly changing. India is gradually moving away from importing finished products, making cosmetic changes, and selling them. Instead, the share of intermediate goods in Indian imports from China has been steadily rising. That is, India is doing much of its own assembly and manufacturing in several sectors now, relying on China and other countries for the parts needed. This shift is an important step towards full-scale manufacturing in India. The U.S. has not yet announced punitive actions based on its assessment of apparent Chinese tariff evasion, though that eventuality is conceivable. However, should it do so, India must resist bowing to U.S. pressure on this issue. As even the government has admitted, Chinese imports right now are an important part of the Make in India story.

The fear of India bowing to U.S. pressure is based on precedent. In his first term as U.S. President, Donald Trump railed against India's tariffs on high-end motorcycles. In 2018, India cut these tariffs to 50% from the earlier 60–75%, and then cut them further to 40% in February 2025, before trade deal talks had even started. Similarly, it slashed the import duties on shrimp feed and its components in the February 2024 Budget, a key ask of the U.S. It did the same with tariffs on frozen duck and turkey. The pressure of the 50% punitive tariffs pushed India to diversify away from Russian oil, despite India's strident claims of energy sovereignty and the discount it was receiving. Russia's share in India's oil imports fell to below 20% in January 2026, from nearly double that when the 50% tariffs were imposed six months earlier. This had happened with Venezuelan oil in 2019 as well. It was the West Asia crisis, and the U.S.'s temporary reprieve, that has seen India turning back to Russian oil. Allowing FDI in the e-commerce inventory model, as India recently did, was something Amazon had been lobbying for for a decade, and a dilution of India's long-held stance. The U.S. can wield immense pressure and so concessions are understandable. But that has emboldened it to make increasing demands. India needs to start pushing back.

Daily News Analysis

- **Strategic Autonomy in Foreign Policy:** Balancing energy security and industrial supply chain dependencies against foreign geopolitical pressure.

General Studies III: Indian Economy, Trade & Industrial Policy

- **Structure of Indian Manufacturing:** The transition from simple assembly to high-value-added manufacturing under Make in India and Production Linked Incentive (PLI) schemes.
- **Rules of Origin & Tariff Frameworks:** Understanding World Trade Organization (WTO) norms on substantial transformation vs. simple transshipment.
- **Global Value Chains (GVCs):** India's integration into regional and global supply chains and its dependencies on primary industrial hubs like China.

Core Arguments & Strategic Imperatives

- **Resisting Unilateral Sanctions/Tariffs:** India must defend its sovereign right to source raw materials and intermediate inputs globally to build domestic manufacturing capability.
- **Clear Policy on Rules of Origin:** Define clear, transparent, WTO-compliant rules on "Substantial Transformation" to legally disprove claims of minor modifications or transshipment.
- **Supply Chain Diversification:** Accelerate local supply chain deepening via domestic component manufacturing to gradually reduce over-reliance on single-source suppliers for key intermediate goods.

Conclusion

While maintaining strategic and economic ties with the United States is essential, accommodating unilateral trade demands compromises India's industrial policy and economic sovereignty. As Chinese intermediate imports remain central to building domestic manufacturing infrastructure, India must establish firm diplomatic boundaries and resist external interference in its global supply chain integration.

Daily News Analysis

UPSC Prelims Exam Study Questions

Question: The term “substantial transformation” in international trade is primarily associated with:

- A. Determining the country of origin of a product
- B. Calculating the exchange rate between two currencies
- C. Determining the amount of foreign exchange reserves required
- D. Measuring the carbon content of an imported product

Ans:A)

UPSC Mains Exam Study Questions

Question: “Strategic partnership does not necessarily imply convergence of economic interests.” Examine in the context of India–US relations. **(10 Marks, 150 Words)**



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Daily News Analysis

Page 09 : GS II : Social Justice / Preliminary Examination

In an article authored by **K. VijayRaghavan** (former Principal Scientific Adviser to the Government of India), the critical imperative to restructure India's educational paradigm in response to Artificial Intelligence (AI) is highlighted. As AI agents and automation transform both intellectual labor (such as "vibe coding") and high-end manufacturing (such as generic drugs, biosimilars, and vaccine production), traditional educational models based on rote learning and information accumulation have reached a dead end. The essay argues for a fundamental shift toward adaptability, deep domain expertise, and problem-solving through practical apprenticeship.

Key Issues & Deep Analysis

• Transformation of the Job Market & Entry-Level Erosion:

AI and robotics are automating routine tasks across IT, pharmaceuticals, and manufacturing. This eliminates traditional entry-level positions, creating a dilemma: industry still requires deep domain experts, but young professionals have fewer entry-level avenues to build that expertise.

• Failure of the Expansionist Education Model:

Historically, technological shifts were met by lengthening formal education (from primary school to master's degrees). With AI retrieving and processing vast amounts of information instantaneously, simply storing more knowledge in human memory is no longer a viable strategy.

• The Dual Mandate for Modern Education:

1. **Thinning out the curriculum:** Reducing dense, static syllabi to focus on foundational principles.
2. **Learning on the fly:** Cultivating core cognitive skills—selection, synthesis, critical judgment, and rapid adaptation to unfamiliar scenarios.

- **Leveraging NEP 2020 for Experiential Learning:** The National Education Policy (NEP) 2020 introduces a 4-year undergraduate degree with a dedicated research pathway in the final year. However, residual coursework often dilutes this immersive experience.

Related Static Dimensions

Governance, Social Justice & Human Resources

- **Issues Relating to Development and Management of Education/Human Resources:** Transitioning from content-heavy curricula to skill-based, competency-led frameworks.
- **National Education Policy (NEP) 2020:** Structural reforms including 4-year undergraduate degrees, multiple entry/exit options, and research integration.

Education must change to account for AI

The spectre of a world orchestrated by Artificial Intelligence (AI) looms over discussions at coffee tables, in industry, and in the corridors of power. Opinions about what the near future portends range widely. While some suggest that superintelligence is only a few years away, others say it is many years away. Questions about education too are frequent, but mostly with respect to teaching and examinations. Only a few bring up preparedness for the jobs of the near future.

The nature of work at every level is changing rapidly and unpredictably. It is not just that 'vibe coding' threatens to render much routine coding obsolete. With wisely configured agents and other tools, even important work can be made routine, leaving fewer employees to provide careful oversight.

An overhaul of work: The same acceleration is coming to manufacturing, and will affect every sector in which India has strengths. In generic drugs and biosimilars, AI is reshaping molecule screening and formulation, while robotics and machine vision will increasingly handle synthesis and quality control. Vaccine development and manufacture will also change visibly: AI can help design antigens and predict immune responses, while robotic bioreactors, automated fill-finish lines, and AI-managed logistics will make production faster, cleaner, and more precise. Indian industry will no doubt pivot to meet these challenges. Companies may survive and prosper, but their employee profiles will change dramatically. Many entry-level positions will disappear, but people with deep domain expertise will still be needed, and such expertise cannot magically be acquired at the point of entry.

The earlier technological revolutions were met by extending



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education: from basic literacy to primary school, then high school, college and, increasingly, professional master's degrees. Each transition asked people to acquire and retain more knowledge before entering the workforce. That strategy is now running out of road. As AI systems advance, the comparative need is no longer for humans to simply store ever more information in their heads. It is to know what must be understood deeply, what can be retrieved when needed, and how to learn quickly in unfamiliar situations.

How education must change Education must therefore do two things that may appear contradictory: thin out what it teaches, while providing far more opportunities to learn on the fly. The objective is not less rigour but a different kind of rigour – selection, synthesis, judgement and adaptation. Students need repeated experience in confronting problems whose answers are not in the syllabus, finding the relevant knowledge, and using it with judgement.

The task before our education system is to prepare young people for an unpredictable future. There are no easy fixes. For reasons of accident and design, our higher-education system resembles a bowl of *seviyan payasam* (vermicelli pudding):

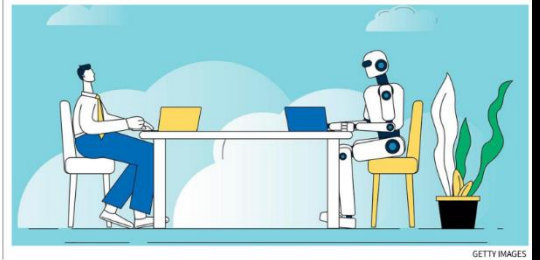
there are gems of raisins and cashews, but much of it is slippery and impossible to untangle. Yet a few simple steps could have a disproportionate impact.

Learn via practice The ideal way to train an expert is through apprenticeship: one student working closely with one teacher or practitioner. However, that model cannot be provided at scale at this time.

But the National Education Policy's four-year undergraduate structure already provides for a research pathway in the final year, which is the closest institutional equivalent available.

In practice, residual coursework often crowds out the immersion the policy intends. Universities should allow any remaining essential coursework to be completed online and free students to spend the year embedded in industry, working with university laboratories or national laboratories. There they could work alongside people solving real problems, encounter uncertainty, and learn how to acquire knowledge as it becomes necessary.

A future we cannot predict cannot be prepared for by adding ever more material to the curriculum. We should instead give undergraduates the time and freedom to practise entering the unknown.



Daily News Analysis

General Studies III: Economy, Science & Technology

- **Effects of Globalization and Automation on Employment:** Structural unemployment risks, jobless growth, and changing employment profiles due to AI and Industry 4.0.
- **Science & Technology Developments & Applications:** AI deployment in biotechnology, advanced robotics, automated bioreactors, and drug discovery.
- **Skill Development Initiatives:** Bridging the industry-academia gap through apprenticeships, industrial training, and laboratory immersions.

Core Arguments & Strategic Imperatives

- **Shift from Retention to Judgement:** Education must prioritize teaching students how to evaluate information, discern relevant data, and apply critical thinking rather than memorizing facts.
- **De-cluttering Final-Year Curricula:** Universities should transition remaining final-year coursework online, freeing students for full-time immersion in industry, university labs, or national research facilities.
- **Scalable Apprenticeships:** Utilize the 4th year of the NEP undergraduate framework as an institutionalized apprenticeship model to help students "practise entering the unknown."

Conclusion

The rapid advancement of AI necessitates a pivot in India's education ecosystem from knowledge consumption to adaptive problem-solving. Preparing the nation's youth for an unpredictable economic landscape requires thinning out rigid curricula and institutionalizing real-world experience. By fully leveraging the research and practical pathways under NEP 2020, India can build an agile, expert workforce capable of driving innovation in an AI-dominated world.

UPSC Mains Practice Questions

Question: The rapid development of Artificial Intelligence necessitates a shift from content-based education towards competency-based learning. Discuss. **(10 Marks, 150 Words)**

Corporate investment as a proportion of Gross Domestic Product (GDP) in India experienced a secular decline following the 2016 demonetisation shock. Despite supply-side fiscal and monetary interventions—such as slashing corporate tax rates from 30% to 22% in 2019 and maintaining low interest rates—private capital expenditure (capex) lagged behind broader economic recovery expectations. Economists **Rohit Azad** and **Indranil Chowdhury** provide a theoretical framework explaining this asymmetry: private investment is determined by **expected profitability, confidence (animal spirits)**, and the **cost of credit**, with distinct structural constraints governing small versus large enterprises.

Key Determinants & Theoretical Framework

1. Expected Profitability & Economies of Scale

Industrial manufacturing relies heavily on economies of scale: larger equipment and factories yield higher profit rates per unit of investment. However, every firm faces a **market demand ceiling** (represented by its maximum market share). Investing beyond this capacity leads to underutilized capital and plummeting profit rates.

2. Confidence & "Animal Spirits"

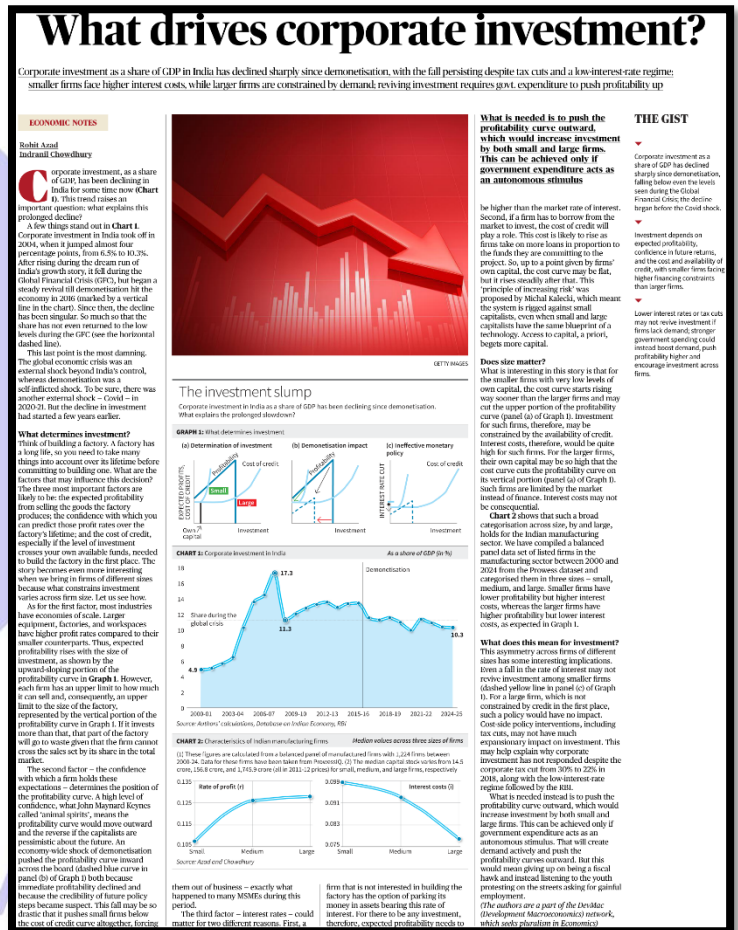
Future returns are discounted by economic uncertainty. Exogenous policy shocks—such as demonetisation or global disruptions—inwardly shift the profitability curve by dampening consumer demand and eroding regulatory predictability. For small firms operating on thin margins, severe shocks push expected profitability below the cost of capital, leading to insolvency.

3. Cost of Credit & Kalecki's "Principle of Increasing Risk"

Firms rely on external credit when investment exceeds internally generated funds. According to Michal Kalecki's Principle of Increasing Risk, borrowing costs rise as the proportion of debt to equity increases. Small firms, possessing lower internal capital reserves, encounter rising interest costs much earlier than large conglomerates.

The Firm-Size Asymmetry: Why Rate Cuts Fail to Revive Capex

Parameter	Small & Medium Enterprises (MSMEs)	Large Corporations
Primary	Credit-Constrained: Limited internal funds force	Demand-Constrained: High internal capital keeps



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Parameter	Small & Medium Enterprises (MSMEs)	Large Corporations
Constraint	reliance on high-cost debt early in the investment cycle.	borrowing costs low, but investment is capped by total market demand.
Effect of Interest Rate Cuts	Marginal Impact: Rate cuts slightly shift borrowing costs down, but elevated risk premiums and demand shocks keep profitability below the threshold.	Ineffective: Large firms already hold cheap credit/liquidity; lowering borrowing costs does not resolve weak consumer demand.
Effect of Tax Slashes	Limited Benefit: Tax cuts do not generate immediate consumer demand or improve market access for smaller players.	Cash Accumulation: Corporate tax cuts increase retained earnings without incentivizing new capacity creation when factories operate below full output.

Related Static Dimensions (UPSC Syllabus Alignment)

General Studies III: Indian Economy, Investment Models & Monetary Policy

- **Determinants of Private Capital Expenditure (Capex):** Gross Fixed Capital Formation (GFCF), capacity utilization rates, and the crowd-in effect of public expenditure.
- **Monetary Policy Transmission:** Limitations of repo rate cuts and liquidity injection in stimulating investment under conditions of demand deficiency.
- **Fiscal Policy & Fiscal Federalism:** Debates surrounding fiscal consolidation (fiscal hawkishness) versus autonomous public spending to boost aggregate demand.

Core Arguments & Strategic Imperatives

- **Inadequacy of Supply-Side Incentives:** Tax cuts and low interest rates address cost constraints rather than revenue expectations. In a demand-constrained economy, supply-side interventions fail to stimulate capital formation.
- **Autonomous Fiscal Stimulus:** The government must act as an autonomous agent of demand creation through capital expenditure (infrastructure, public works, and employment schemes). Public investment crowds in private investment by expanding market capacity and shifting corporate profitability expectations outward.
- **Targeted Credit Support for MSMEs:** Mitigate systemic risk for smaller firms through credit guarantee frameworks and subsidized capital access, cushioning them against high debt costs.

Conclusion

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A persistent decline in private corporate investment cannot be remedied solely through monetary easing or corporate tax concessions. Because large firms are constrained by market demand and small firms struggle with risk-adjusted credit access, sustainable revival requires strategic public expenditure. By stimulating aggregate demand and bolstering employment, targeted fiscal policy shifts expected corporate profitability outward, crowding in private capital formation across both small and large enterprises.

UPSC Prelims Exam Study Questions

Question: Which of the following best describes the crowding-in effect of public investment?

- A. Public investment completely replaces private investment
- B. Public investment reduces private investment by absorbing all available financial resources
- C. Public investment creates infrastructure and demand conditions that encourage additional private investment
- D. Public investment necessarily reduces interest rates

Ans: C)

UPSC Mains Exam Study Questions

Question: Why may monetary easing fail to generate a significant increase in private investment during a period of weak aggregate demand? Explain. (10 Marks, 150 Words)

Employment guarantee has slipped into limbo

Rural workers are paying a heavy price for the Union Government's ill-conceived tinkering with India's employment guarantee law. Indeed, evidence is mounting of an unprecedented crash in employment generation under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and its successor, the Viksit Bharat-Guarantee for Rozgar and Aajeevika Mission (Gramin) alias VB-G RAM G Act.

One aspect of this crash has been widely noted: the 50% decline in employment generation under VB-G RAM G in July 2026, vis-à-vis MGNREGA in the same month last year. The 50% estimate is actually based on a premature figure of 7.7 crore person-days for July 2026. The latest figure is 8.3 crore, and the final figure is likely to be around 9 crore according to the Ministry of Rural Development. But even if we accept this anticipated total for July, the decline vis-à-vis July 2025 would be above 40%, which is a massive setback.

Misleading excuse

The Ministry of Rural Development made a lame attempt to attribute this setback to the fact that a few States explicitly suspended VB-G RAM G in



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VB-G RAM G has driven employment guarantee into the ditch

parts of July 2026 under Section 6 of the Act, but this is the mother of all red herrings. For one thing, these States account for a small share of total MGNREGA employment, and the July 2026 decline looks much the same in proportionate terms when these States are left out. For another, the July decline is just the continuation of a crisis that began earlier.

Some background may help. A Bill paving the way for the replacement of MGNREGA with VB-G RAM G was rushed through Parliament in December 2025. The Rural Development Minister announced, at that time, that the replacement would take place on April 1, 2026. However, nothing of the sort happened on April 1. Evidently, the Ministry was not ready for the transition. The Rules, in particular, had not been framed. MGNREGA continued, by default.

On May 22, 2026, the Ministry released draft VB-G RAM G Rules for public consultation. These Rules are mainly a rehash of MGNREGA rules and orders. Release of the final Rules began at the end of June, just on time for the official replacement of MGNREGA with VB-G RAM G on July 1. VB-G RAM G wage rates were also notified on June 30, with a minimum norm of ₹300 per day – much the same as the earlier MGNREGA norm of ₹100 per day at 2009-10 prices.

The transition, the ground reality

During the first three months of this financial year (April to June), confusion prevailed. To paraphrase Gramsci, the old world of MGNREGA was dying, and the new world of VB-G RAM G was struggling to be born. In some districts, MGNREGA functionaries refused to open new works. In many areas, there was no MGNREGA work at all. This was a serious lapse, as MGNREGA is normally at a peak during these summer months (a slack agricultural season in large parts of India). The limbo continued in July 2026, when VB-G RAM G made a faltering start.

In 2024-25 and 2025-26, the first four months of the financial year (April to July) accounted for nearly 50% of annual employment generation – 128 crore and 119 crore person-days, respectively. In 2026-27, however, MGNREGA and VB-G RAM G generated only 70 crore person-days of employment in the same months – a decline of 43% from the average of the preceding two years.

Employment declined in all major States, but the decline was far from uniform across States (see chart). It was relatively small in a few States (example, Andhra Pradesh, Assam and Telangana), but larger than 40% in most States. In



At Honnakeranagi village in Kalaburagi district, Karnataka. ARUN KULKARNI

10 out of 19 major States, the decline ranged between 60% and 85%. States where employment generation came to a virtual standstill in April-July 2026 include Madhya Pradesh, Uttar Pradesh and Jharkhand, some of India's largest and poorest States.

This crash in employment is all the more startling as the transition to VB-G RAM G was supposed to lead to a huge increase in employment generation. The VB-G RAM G allocation in the 2026-27 Union Budget is ₹95,692 crore – a little more than the actual MGNREGA expenditure in 2025-26. The total VB-G RAM G budget, inclusive of State contributions (40% of the total for most States), was due to shoot up to ₹1.5 lakh crore or so – an increase of about 70% vis-à-vis MGNREGA expenditure in 2025-26. With wages more or less unchanged in real terms, one would expect this enhanced budget to trigger a big increase in employment generation. Instead, the first four months of 2026-27 witnessed an unprecedented crash.

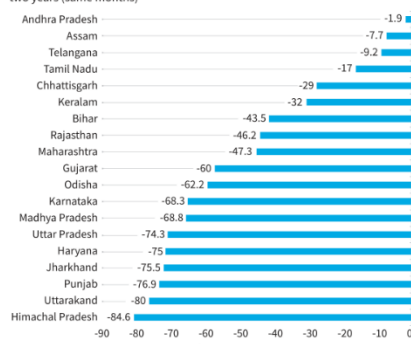
An uncertain road ahead

It is, of course, too early to pass judgement on VB-G RAM G. But the launch is certainly a damp squib as things stand. The fact that employment generation has been virtually nil for months in some of India's largest and poorest States is particularly alarming.

The situation may improve in the next few months, but it is hard to see how the projected VB-G RAM G expenditure of ₹1.5 lakh crore in 2026-27 is going to materialise. Wage payments may face serious problems too, with the imposition of fiscal recognition at the worksite and Centre-State cost-sharing. The outlook is bleak.

Employment decline in April-July 2026

Percentage change in person-days, April-July 2026 versus average of previous two years (same months)



GS Paper II& III: Governance and Indian Economy

UPSC Mains Exam Practice Questions: Article 41 reflects the constitutional commitment towards livelihood security, but translating this principle into an effective right to work requires institutional capacity and fiscal support. Discuss. (10Marks, 150 Words)

Context : Rural employment in India faces a critical juncture. The transition from the landmark **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005**, to its successor—the **Viksit Bharat-Guarantee for Rozgar and Aajeevika Mission (Gramin) [VB-G RAM G] Act**—has triggered an unprecedented slump in employment generation. Data from April to

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July 2026 reveals a **43% drop in person-days generated** compared to the average of the preceding two years, with several low-income states experiencing near-total disruption during the peak summer slack season. This policy shift raises fundamental questions about administrative readiness, fiscal federalism, and the constitutional guarantee of the **Right to Work**.

Key Issues & Findings in the Transition

- **Employment Generation Crash:** Employment during April–July 2026 fell to 70 crore person-days (down from 128 crore in 2024–25 and 119 crore in 2025–26).
- **State-Level Asymmetry:** Ten out of 19 major states saw declines between 60% and 85%. Key states including Uttar Pradesh, Madhya Pradesh, and Jharkhand witnessed a virtual standstill in work allocation.
- **Administrative Limbo:** Though passed in Parliament in December 2025 with an intended rollout of April 1, 2026, rules were not finalized until late June. Functionaries halted work during the peak summer months due to systemic ambiguity.
- **Budgetary Paradox:** Despite an increased overall allocation—projected at nearly ₹1.5 lakh crore (inclusive of the new 40% state contribution)—real ground-level expenditure and employment generation plummeted.

Policy Analysis & Structural Challenges

1. Transition Friction and Administrative Gaps

Passing legislation without fully framed execution rules created a regulatory vacuum. Local ground functionaries halted project approvals and muster roll generation while waiting for operational directives, defeating MGNREGA's core demand-driven ethos.

2. Fiscal Federalism & Cost-Sharing Shifts

Under the new VB-G RAM G framework, states are required to bear **40% of the financial burden** (for non-Himalayan/NE states). This structural change strains state budgets—especially in poorer states—leading to delayed fund releases, wage disbursement bottlenecks, and reduced local willingness to open new worksites.

3. Technology Integration Hurdles

Mandatory technological interventions, such as mandatory Facial Recognition Technology (FRT) at worksites, introduce digital exclusion risks. Weak connectivity in remote rural pockets frequently stalls attendance logging and delays wage payments.

Static Dimensions for UPSC

1. Constitutional & Legal Framework

- **Directive Principles of State Policy (DPSP):**
 - **Article 39:** Mandates that the state secure adequate means of livelihood for citizens.
 - **Article 41:** Guarantees the right to work, education, and public assistance in cases of unemployment.

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- Fundamental Rights:Article 21** (Right to Life and Dignity), which the Supreme Court has repeatedly expanded to include the right to a basic livelihood.

2. Scheme Comparison: MGNREGA vs. VB-G RAM G

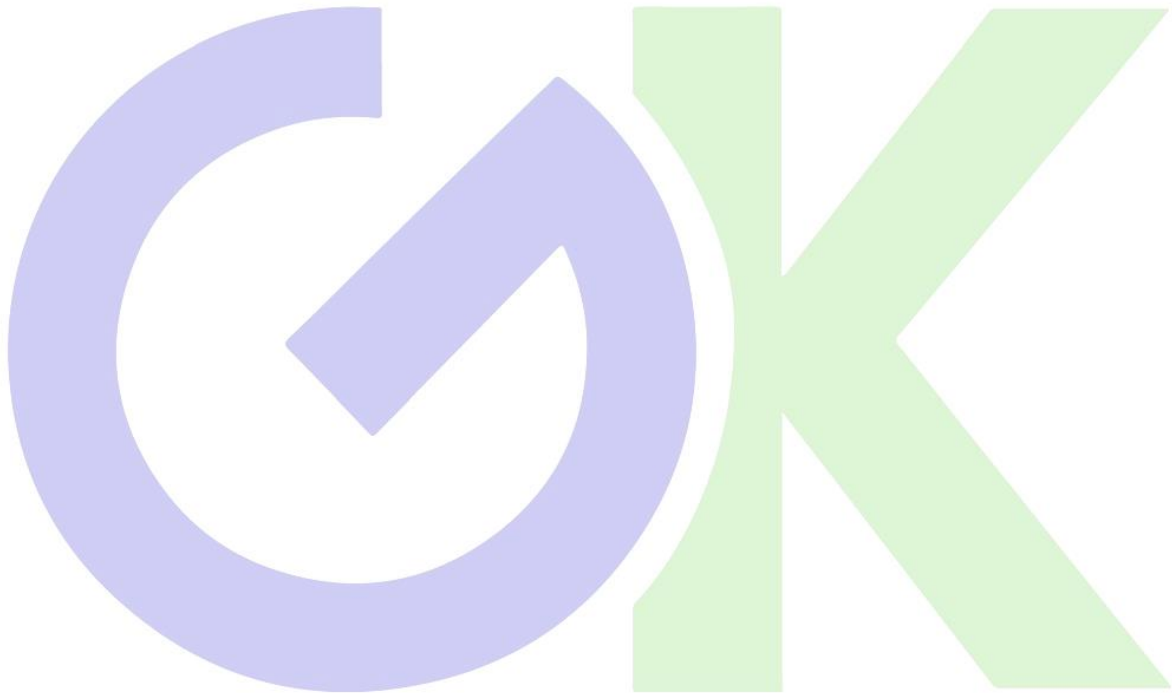
Parameter	MGNREGA (2005)	VB-G RAM G (2026)
Funding Ratio (Centre:State)	~90:10 (Centre bore 100% wage cost)	60:40 standard cost-sharing model
Core Structure	Rights-based, demand-driven legal guarantee	Enhanced budget target linked to state contributions
Authentication Standard	Aadhaar-based Payment System (ABPS) / NMMS	Worksite Facial Recognition Technology (FRT)

Key Action Steps Going Forward

- Establish Smooth Transitional Protocols:** Issue clear, binding operational guidelines to block-level functionaries so work demand is registered without reliance on pending rules.
- Flexible Cost-Sharing for Vulnerable States:** Provide short-term fiscal buffers or variable matching ratios for high-poverty states struggling with the 40% contribution requirement.
- Hybrid Verification Systems:** Maintain manual or alternative offline muster logs alongside FRT to ensure tech failures do not deny work or delay wage payments to vulnerable laborers.
- Strengthen Social Audits:** Enforce regular social audits to monitor attendance logging, asset creation quality, and timely wage delivery.

Conclusion

The transition to VB-G RAM G was intended to modernize India’s rural safety net, but structural confusion, altered cost-sharing rules, and hasty implementation have instead disrupted livelihood security for millions. To fulfill the constitutional promise of the Right to Work, the government must address these operational bottlenecks promptly, streamline funding channels with states, and ensure that technology acts as an enabler rather than a barrier to rural welfare.



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