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Page 01 : GS III : Indian Economy / Prelims Exam

Inflation management remains a cornerstone of India's macroeconomic stability. The March 2026 data is significant as it is based on the **new CPI series with 2024 as the base year**, reflecting updated household consumption patterns. Although the headline inflation is below the RBI's 4% median target, the divergence between rural and urban inflation and the volatility in specific food items warrant a detailed examination of the underlying drivers.

Key Drivers of Inflation

A. Food and Beverage Segment

Food inflation, a major component of the CPI basket, rose to **3.87%** (up from 3.47% in February).

- **High-Pressure Items:** Prices of **tomatoes (36%)** and **cauliflower (34%)** saw sharp spikes. Coconut (copra) also recorded high inflation.
- **Deflationary Items:** Structural essentials like **onions (-27.76%)**, **potatoes (-18.98%)**, and pulses (arhar dal and chickpeas) registered negative inflation, preventing a sharper rise in the headline number.

B. The "West Asian Crisis" Factor

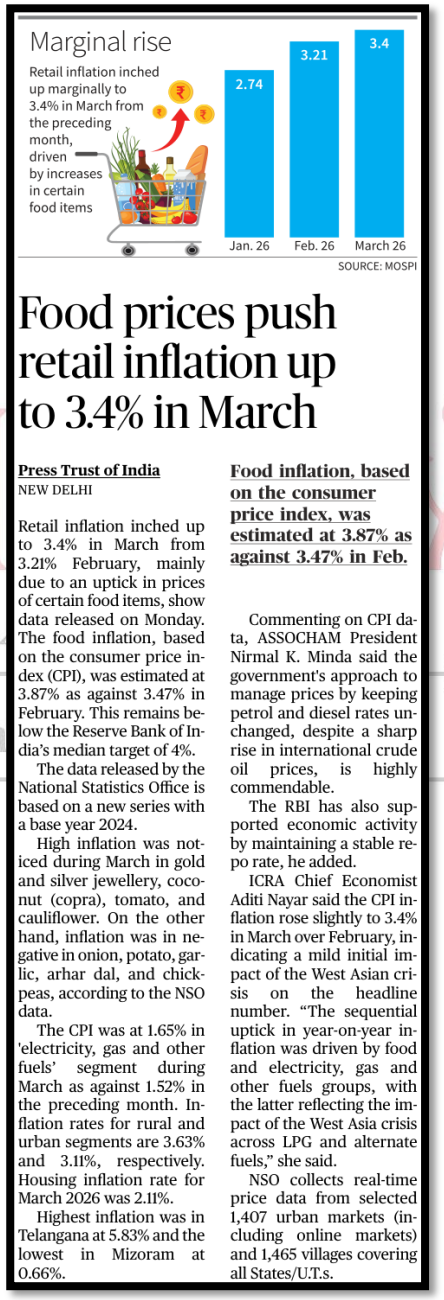
Geopolitical tensions in West Asia (notably involving the US and Iran) have begun filtering into the economy:

- **Energy & Utilities:** Inflation in the 'electricity, gas, and other fuels' segment rose to **1.65%**. Higher international crude prices have impacted LPG and alternate fuels.
- **Personal Care (Precious Metals):** Global uncertainty pushed gold and silver prices to extreme highs. **Silver jewellery inflation reached 148.61%**, while gold and diamonds rose by nearly 46%.

C. Rural-Urban Divergence

- **Rural Inflation (3.63%)** outpaced **Urban Inflation (3.11%)**.
- This suggests higher price sensitivity in rural markets, possibly due to higher weights for food and fuel in rural consumption baskets and logistics-driven price hikes in remote areas.

Institutional & Policy Response



Food prices push retail inflation up to 3.4% in March

Press Trust of India
NEW DELHI

Food inflation, based on the consumer price index, was estimated at 3.87% as against 3.47% in Feb.

Retail inflation inched up to 3.4% in March from 3.21% February, mainly due to an uptick in prices of certain food items, show data released on Monday. The food inflation, based on the consumer price index (CPI), was estimated at 3.87% as against 3.47% in February. This remains below the Reserve Bank of India's median target of 4%.

The data released by the National Statistics Office is based on a new series with a base year 2024.

High inflation was noticed during March in gold and silver jewellery, coconut (copra), tomato, and cauliflower. On the other hand, inflation was in negative in onion, potato, garlic, arhar dal, and chickpeas, according to the NSO data.

The CPI was at 1.65% in 'electricity, gas and other fuels' segment during March as against 1.52% in the preceding month. Inflation rates for rural and urban segments are 3.63% and 3.11%, respectively. Housing inflation rate for March 2026 was 2.11%.

Highest inflation was in Telangana at 5.83% and the lowest in Mizoram at 0.66%.

Commenting on CPI data, ASSOCHAM President Nirmal K. Minda said the government's approach to manage prices by keeping petrol and diesel rates unchanged, despite a sharp rise in international crude oil prices, is highly commendable.

The RBI has also supported economic activity by maintaining a stable repo rate, he added.

ICRA Chief Economist Aditi Nayar said the CPI inflation rose slightly to 3.4% in March over February, indicating a mild initial impact of the West Asian crisis on the headline number. "The sequential uptick in year-on-year inflation was driven by food and electricity, gas and other fuels groups, with the latter reflecting the impact of the West Asia crisis across LPG and alternate fuels," she said.

NSO collects real-time price data from selected 1,407 urban markets (including online markets) and 1,465 villages covering all States/U.T.s.

Reserve Bank of India (RBI): The RBI has maintained a **stable repo rate**, prioritizing growth while keeping a "wait-and-watch" stance on inflation. The headline remains below the 4% target for the 12th consecutive month under the revised framework.

Government Intervention: The government has refrained from passing on the full burden of international crude price hikes to consumers by keeping petrol and diesel prices unchanged, thereby absorbing potential "cost-push" inflation through fiscal measures.

Critical Analysis

Point of Analysis	Significance
Base Year Revision	The shift to the **2024 base year** is a major reform. It captures modern spending on services, electronics, and digital health, making inflation data more representative of actual "cost of living."
Geopolitical Risk	The West Asian crisis acts as a "supply shock." Even if fuel prices are capped, the indirect costs (logistics, fertilizers, and imports) can lead to **imported inflation**.
Regional Variance	**Telangana (5.83%)** vs. **Mizoram (0.66%)** shows that inflation is not uniform. State-level supply chain efficiency and local production play a crucial role.
Core Inflation	While headline inflation rose, **Core Inflation** (excluding food and fuel) remains stable, suggesting that demand-pull inflation is currently not a threat.

Conclusion

The March 2026 inflation data reflects an economy showing resilience in the face of global shocks. While food volatility and precious metal spikes have pushed the numbers up, the proactive stance of the RBI and the government's fiscal cushioning have kept the situation manageable. However, the looming risks of a prolonged West Asian conflict and potential climate-induced food supply disruptions (like El Niño) necessitate continued vigilance to ensure that inflation does not breach the upper tolerance limit of 6%.

UPSC Prelims Exam Practice Question

Ques: Which of the following best explains "imported inflation"?

(a) Inflation caused by excessive domestic demand

(b) Inflation due to increase in wages

(c) Inflation transmitted through higher global commodity prices

(d) Inflation due to fiscal deficit

Ans: c)

UPSC Mains Exam Practice Question

Ques: Base year revision of CPI enhances the accuracy of inflation measurement. Discuss its significance in the context of changing consumption patterns in India. **(150 Words)**

Page 01 : GS III : Environment / Prelims Exam

The recent IMD forecast predicting a **"below-normal" monsoon (92% of the LPA)** for 2026 presents a significant macroeconomic challenge for India. For the UPSC aspirant, this news connects geography (climatology), agriculture, and international relations (supply chain disruptions).

'Below normal' rain likely for first time in 11 years

Jacob Koshy
NEW DELHI

India is staring at a "below-normal" southwest monsoon, the India Meteorological Department (IMD) has warned for the first time in 11 years in its April forecast. Between the monsoon months of June-September, India is likely to receive only 92% of the long period average (LPA) of 87 cm rainfall this year, M. Ravichandran, Secretary, Ministry of Earth Sciences, said at a press briefing on Monday.

India last experienced reduced monsoon rainfall in 2023, when the IMD had warned of "near-normal" rainfall at 96% of the LPA. In 2015, the IMD's warning of "below-normal" rain – at 93% of the LPA – turned out to be an underestimate with the actual rainfall recorded at 86%, making it one of India's worst drought years.

With disruptions of fertilizer supply amid the Iran war, insufficient rain could impact farming which is significantly rainfed. FILE PHOTO

M. Mohapatra, Director-General, IMD, said the main reason for this year's below-normal monsoon warning was the likely development of an El Nino – the periodic warming of the Central Equatorial Pacific. At present, "weak" La Nina-like conditions – the converse of an El Nino – were transitioning to neutral conditions. The effects of the El Nino were only likely to come into full effect in the second half of the monsoon.

With disruptions of fertilizer supply ahead of the kharif season anticipated in the wake of the West Asia war, insufficient rain could impact farming in the country, which is significantly rainfed.

El Nino, which has emerged in 16 years since 1960, has depressed India's monsoon rainfall nine times.

Mr. Mohapatra said that despite the links between an El Nino and weak monsoon, two factors could blunt its impact. The first is the so called 'positive' IOD (Indian Ocean Dipole), a condition that is likely to develop towards the end of the southwest monsoon season. The second is that the extent of northern hemisphere snow cover from January to March 2026 has been slightly below normal. The dipole refers to oscillations of sea-surface temperatures between the western (near Africa) and eastern (near Indonesia) tropical Indian Ocean. A "positive" dipole and reduced snow cover generally tend to bring more rain to India and can offset El Nino's "negative" impact, Mr Mohapatra said.

2024 and 2025 have been years of surplus monsoon. Save for 2023, India has received "normal" or excess rainfall in all years since 2020.

The IMD is expected to update its monsoon forecast in May. The IMD's past history shows that its forecasts of a weak monsoon in April generally hold true though there have been several instances of the IMD predicting a "normal" monsoon and India staring at a drought.

In 2002, the IMD predicted a normal monsoon but India experienced one of its worst droughts (81% of LPA). In 2009, the IMD's April forecast predicted a near-normal monsoon (96-98% of LPA) but actual rainfall was around 77% of the LPA, resulting in one of the worst droughts in over a century.

In 2018, IMD's April forecast predicted 97% of normal levels, and even the May update held the figure at 97%, but actual rainfall turned out to be 91% – well below normal. The IMD's official parlance doesn't use the term "drought" and refers to rain less than 90% of the LPA as "deficient".

Analysis: Impact of a Below-Normal Monsoon (2026)

Understanding the Meteorological Drivers

The forecast is primarily influenced by the transition of global oceanic atmospheric phenomena:

- **El Niño (The Primary Threat):** The periodic warming of the Central Equatorial Pacific. Historically, El Niño has a strong correlation with suppressed rainfall in India (affecting 9 out of 16 El Niño years since 1960).
- **Indian Ocean Dipole (The Counter-Balance):** A **'positive' IOD** occurs when the western Indian Ocean (near Africa) is warmer than the eastern part. This acts as a "rain-bringer" and can potentially offset the drying effects of El Niño.

Snow Cover: Reduced Northern Hemisphere snow cover is generally favorable for a stronger monsoon due to the thermal contrast between land and sea.

The "Double Whammy": Climate and Geopolitics

The 2026 agricultural cycle (Kharif season) faces a unique dual threat:

Meteorological Stress: 92% of the **Long Period Average (LPA)** indicates potential moisture stress in rainfed areas (which constitute nearly 50% of India's net sown area).

Input Crisis: The ongoing **West Asia war** has disrupted the supply of fertilizers. Since the Kharif season is input-intensive, the combination of scarce water and expensive/unavailable fertilizers could lead to a drop in crop yields.

Socio-Economic Implications

Food Security & Inflation: A weak monsoon directly impacts the production of pulses, oilseeds, and coarse cereals. This could lead to a spike in food inflation, complicating the RBI's "inflation targeting" mandate (currently at 3.4%).

Rural Distress: Reduced yields lead to lower rural incomes, which in turn depresses rural demand for FMCG and automobiles, potentially slowing down the overall GDP growth.

Power Crisis: Low rainfall results in lower reservoir levels, impacting both **hydroelectric power generation** and water availability for thermal power plant cooling.

Historical Context & Forecast Accuracy

The IMD's shift to a "below-normal" prediction in April is rare and suggests high confidence in the negative impact of El Niño.

Comparison: 2015 was the last "below-normal" forecast, which resulted in a severe drought (86% rainfall).

The "Deficit" Threshold: The IMD avoids the word "drought," instead using **"Deficient"** for rainfall < 90% of LPA. At 92%, the 2026 forecast sits on the edge of the "Below Normal" (90-95%) and "Deficient" categories.

Conclusion: The Way Forward

The government must adopt a proactive **Contingency Plan**. This includes:

Micro-irrigation: Promoting drip and sprinkler systems to maximize water-use efficiency.

Crop Diversification: Encouraging farmers to shift from water-intensive paddy to climate-resilient millets (Shree Anna).

Strategic Buffer Stocks: Ensuring adequate food grain reserves to prevent hoarding and price volatility.

Diplomatic Channels: Securing alternative fertilizer supply chains to mitigate the impact of the West Asia crisis.

UPSC Prelims Exam Practice Question

Ques: The term Long Period Average (LPA) refers to:

(a) Average rainfall over the last 10 years

(b) Average rainfall over 50 years

(c) Average rainfall over 30 years

(d) Average rainfall over 100 years

Ans: c)

UPSC Mains Exam Practice Question

Ques: Analyze how global geopolitical tensions (such as the West Asia crisis) can aggravate domestic agricultural challenges in India. (**150 Words)**

Page 07 : GS III : Science and Tech / Prelims Exam

NASA's Artemis II mission—the first crewed mission to the Moon in over 50 years—successfully completed its lunar fly-by, sending four astronauts farther into space than any humans in history. Despite the scientific triumph, the mission's return was met with a "blizzard of misinformation." This highlights a growing global trend where high-stakes scientific achievements are contested by AI-generated hoaxes and "alternative narratives" on social media.

In this image from a video provided by NASA, the Artemis II Orion capsule splashes down in the Pacific Ocean on April 10, 2026. NASA/AP

Artemis II draws flood of conspiracy theories

Agence France-Presse

From false claims that a historic lunar fly-by was staged in a movie studio to unfounded narratives that footage of the crew was AI-generated, the Artemis II mission has been clouded by a blizzard of misinformation.

The falsehoods – circulating across tech platforms including X, TikTok, and Facebook – have also added fresh fuel to a longstanding conspiracy theory that the 1969 Apollo 11 moon landing was faked. Hashtags such as "fake space" and "fake NASA" have gained traction online since NASA's lunar fly-by sent astronauts farther from Earth than any human before.

Among the falsehoods was an image, viewed over a million times on X, purporting to show the Artemis II crew floating before a green screen and facing film cameras – suggesting their mission was staged in a studio, but in reality bore the hallmarks of AI manipulation.

Some users also shared a video showing text appearing through the

Conspiracy theories have now moved into the mainstream and scientific achievements such as the lunar mission are "easy content for conspiracy influencers"

mission's official mascot as purported proof the flight was staged.

But a digital forensics expert said the anomaly was the result of a failed text overlay by a news station that had syndicated the official feed.

Unfounded claims that the Artemis II mission detected a mysterious moving object on the moon's surface also racked up millions of views across platforms.

The misinformation spread as four astronauts captivated the world with stunning visuals from their fly-by of the Earth's natural satellite from aboard the Orion spacecraft.

Once confined to the internet's fringes, conspiracy theories have moved squarely into the mainstream amid growing mistrust of public institutions and traditional media.

Scientific achievements such as the lunar mission present "very easy content for conspiracy influencers," said disinformation researcher Mike Rothschild. "There are some people whose reflexive reaction to any kind of major event is to claim it's fake and staged," Rothschild said. Many of them "pass themselves off as experts in science and physics because it's somehow more believable to their followers than just going with 'the official story.'"

Several tech platforms have gutted trust and safety teams and scaled back moderation, making them what researchers call a hotbed for misinformation.

Further sowing online confusion were claims that the entire Artemis II mission was a hoax powered by artificial intelligence tools.

The assertion underscores how the rise of widely available AI tools has given misinformation peddlers a handy incentive to cast doubt on authentic content – a tactic researchers have dubbed as the "liar's dividend."

The swirl of falsehoods has also bolstered one of the longest enduring conspiracy theories – that NASA faked the 1969 Apollo 11 moon landing, broadcasting visuals shot in a Hollywood studio.

The conspiratorial discourse has seeped into pop culture, becoming a plotline in movies like romantic comedy "Fly Me to the Moon" – with Scarlett Johansson's character tasked with faking a moon landing – and some celebrities also amplifying the claim.

The Anatomy of the Misinformation

The conspiracy theories surrounding Artemis II are more complex than those of the Apollo era due to modern technology:

- **The "Liar's Dividend":** The proliferation of generative AI has created a paradox. While AI can be used to fake footage, its mere existence allows skeptics to claim that *authentic* footage is AI-generated (the "liar's dividend").
- **Technical Anomalies vs. Staged Hoaxes:** Glitches, such as failed text overlays by news syndicators, were weaponized as "proof" of a green-screen production.
- **Algorithmic Traction:** Hashtags like #FakeNASA leveraged the reach of platforms like X, TikTok, and Facebook, where reduced content moderation has allowed fringe theories to enter the mainstream.

Socio-Political and Security Implications

- **Erosion of Trust in Institutions:** The transition of conspiracy theories from the fringes to the mainstream reflects a deepening mistrust in public institutions (NASA, governments) and traditional media.
- **Scientific Temper:** Under **Article 51A(h)** of the Indian Constitution, developing "scientific temper, humanism and the spirit of inquiry" is a fundamental duty. The spread of "fake space" narratives directly undermines this constitutional ideal.
- **Weaponization of Disinformation:** In a geopolitical context, undermining a nation's scientific prestige via disinformation can be a form of **cognitive warfare**, intended to demoralize a population or discredit international leadership.

Connection to India's Space Program (Gaganyaan)

This phenomenon serves as a precursor for India's own **Gaganyaan mission**. As ISRO prepares to send Indian astronauts into space, the government and space agency must anticipate:

- **Information Warfare:** Potential domestic and international disinformation campaigns.

Pre-emptive Transparency: The need for high-definition, real-time, and verifiable data transmission to build public consensus and "pre-bunk" myths.

Critical Analysis

Theme	Key takeaway
Generative AI	AI is no longer just a tool for creation; it is a tool for **deniability**. Authenticity is becoming harder to prove to a skeptical public.
Platform Accountability	The gutting of "trust and safety" teams on global tech platforms creates a vacuum filled by "conspiracy influencers."
Institutional Response	NASA's strategy of providing "stunning visuals" is a dual-edged sword—it captivates the world but provides high-resolution raw material for "bad actors" to manipulate.

Conclusion

The Artemis II mission is a reminder that in the 21st century, a successful splashdown is only half the battle; the other half is winning the **war of perception**. For India, as a rising space power, the lesson is clear: scientific excellence must be matched by robust **digital literacy** and a proactive **communication strategy** to protect the sanctity of factual truth in the "post-truth" era.

UPSC Prelims Exam Practice Question

Ques : **With reference to Artemis II, consider the following statements:**

1. It is the first crewed lunar mission since the Apollo program.

2. It involves landing astronauts on the Moon's surface.

3. It is part of a broader program aimed at sustained human presence on the Moon.

Which of the statements given above is/are correct?

(a) 1 and 3 only

(b) 2 only

(c) 1, 2 and 3
(d) 1 only

Ans: a)

UPSC Mains Exam Practice Question

Ques: Generative AI has transformed misinformation from a fringe issue into a mainstream security challenge. Discuss with suitable examples. **(150 Words)**

Page 10 : GS II : Social Justice / Prelims Exam

While India has successfully lifted millions out of extreme poverty—reducing the population below the World Bank's lower-middle-income line from **50% to 30%** in a decade—a new structural crisis is emerging. The focus is shifting from a **binary poverty classification** (Poor vs. Non-Poor) to a **spectrum of well-being**. The core issue is that while people are crossing the subsistence threshold, they are getting trapped in a "zone of vulnerability" characterized by stagnant wages, informal work, and a lack of upward mobility.

Rise in middle class vulnerability

India is lifting its people out of income-based poverty but not moving them ahead for better upward mobility and economic opportunity. A World Bank policy paper proposes shifting welfare analysis from merely counting those below the poverty line to measuring how far people are from a reasonable standard of living.

ECONOMIC NOTES

Deepanshu Mohan
Ankur Singh

Amid rising geoeconomic uncertainty that risks deepening domestic inequality in emerging market economies, India's macroeconomic performance is still widely seen as a story of progress, with its recent growth model often held up as a success in reducing poverty, and by conventional measures, that claim does hold with its caveats.

The share of Indians living below the World Bank's lower middle income poverty line has fallen sharply from over 50% a decade ago to roughly 30% in recent estimates. Welfare programs through improved last-mile distributive connectivity now reach hundreds of millions through subsidised food, direct transfers and financial inclusion. Hence, extreme deprivation may have declined amongst vulnerable groups.

Yet this narrative rests on a narrow question. Poverty lines tell us whether people have crossed a threshold of subsistence.

They do not tell us what lies above that threshold, or whether it offers a meaningful pathway forward.

Well-being as a spectrum

That limitation has long been recognised. What is more recent is the attempt to move beyond it.

A World Bank policy paper proposes a different way of thinking about welfare, one that does not simply count how many people fall below a line but asks how far people are from a reasonable standard of living. Instead of a binary classification, it treats well-being as a spectrum and gives greater weight to those furthest behind.

This is not just a statistical refinement. It challenges how economic progress is interpreted and how policy success is assessed. It suggests that falling poverty may be masking a deeper failure, the inability of growth to translate into sustained economic movement across large sections of the population.

Seen through this lens, India's growth story appears less reassuring.

The country has been among the fastest growing major economies in the world. Yet concerns about inequality, wage stagnation and employment generation have intensified rather than receded. The issue is not that growth has failed. It is that growth has not translated into mobility.

Crossing a poverty line, in this context, does not necessarily mark entry into stability. It often marks entry into a zone of vulnerability, where incomes remain low, volatile and insufficient to support sustained improvement in living standards. What is expanding is not a secure middle class, but a vulnerable middle.

This pattern reflects deeper structural constraints. Growth in India has increasingly been driven by sectors that are either capital intensive or limited in their ability to absorb labour at scale. Output expands, but the transmission mechanism into stable employment remains weak.

That disconnect is visible in the labour market. Fewer than 10% of Indian workers hold formal jobs with social security protections. The rest operate in an informal economy where productivity growth is limited and earnings remain uncertain.

Government data from the e-Shram portal shows that 94.1% of registered informal workers earn less than ₹10,000 a month. At such income levels, the ability to convert earnings into durable improvements in well-being remains constrained. Access to better education, healthcare and financial security depends not only on income, but on its reliability and scale. Volatility itself becomes a barrier to mobility.

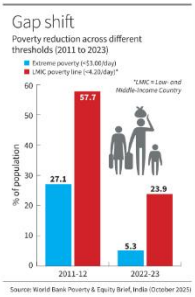
This is where the structure of growth begins to matter more than its pace. Even in sectors where output has expanded, employment has not kept up.

Data from labour and industry surveys suggest that real wages for salaried workers have remained largely stagnant in recent years, even as overall productivity has improved. The link between growth and income is not just weak, it is increasingly fractured.

This disconnect is not just a short-term fluctuation in demand but points to deeper structural fault lines in the economy. It is here that the limits of growth become clearer, as the movement of workers into more productive sectors has stalled rather than accelerated.

From here, the problem reveals itself as structural. Economic transformation depends on the continuous movement of workers into higher productivity activities.

Walk the line: Surveys suggest that real wages for salaried workers have remained stagnant in recent years, even as overall productivity has improved. REUTERS



In India, that movement has slowed and, in some respects, reversed.

Manufacturing has not expanded at the pace required to absorb the roughly twelve million people entering the labour force each year. Between 2016 and 2021, the sector shed roughly 24 million jobs even as the economy continued to grow. Many workers have instead moved back into agriculture, which still employs nearly 46% of the workforce while producing only about 18% of national output. The income implications are stark. The average farm household earns about ₹10,218 per month across all members, translating to roughly ₹75 per person per day. For a large share of the workforce, the distance from subsistence may have narrowed, but the distance from economic security remains substantial.

At the same time, gains at the top have accelerated. Recent estimates suggest that 271 billionaires now hold wealth equivalent to roughly one quarter of India's net national income. The top 1% alone captures more than 22% of national income.

These trends are not contradictory. They reflect the limits of how progress is measured. Indicators that track poverty reduction capture the elimination of extreme deprivation. They do not capture whether the economy is generating broad-based opportunity or concentrating gains across regions, sectors and income groups.

In that sense, the problem is not only economic. It is also statistical. When metrics focus on thresholds, they can obscure the conditions just above them, signalling success even as mobility stalls.

Falling poverty, fragile households

The consequences are visible across the economy. Youth unemployment stands at around 45%, while the unemployment rate among graduates is close to 29%. For many households, education no longer reliably translates into upward movement.

Household balance sheets reflect similar pressures. Net household financial savings have fallen to roughly 5% of GDP, while household debt has risen sharply, much of it in unsecured borrowing. Increasingly, credit is being used not to finance aspiration, but to smooth volatility and sustain basic consumption. In effect, subsistence itself is becoming financialised.

Even human development indicators point in the same direction. India's child wasting rate remains the highest in the world at 18.7%, and about 35.5% of children under five are stunted. These are not only indicators of deprivation. They are indicators of constrained future mobility.

Shifting challenge

Taken together, these patterns suggest that the central economic challenge is shifting. It is no longer only about reducing poverty. It is about preventing those who move above it from being trapped just beyond it.

This is precisely where the new measurement approach becomes useful. By focusing on the distance from a reasonable standard of living rather than a fixed threshold, it captures whether growth is enabling people to move forward or simply preventing them from falling back.

For India, that distinction is becoming critical. An economy can reduce poverty rates while leaving large segments of its population clustered just above them. It can generate growth without generating mobility. What it produces, instead, is a vulnerable middle with limited pathways upward.

The policy challenge, therefore, is not only to sustain growth, but to restore the link between growth and mobility. That requires expanding productive employment, strengthening the connection between productivity and wages and ensuring that gains are not confined to a narrow segment of the economy.

India's development story is entering a more demanding phase. The question is no longer how many people can be lifted out of poverty. It is whether growth is quietly creating a class that can neither fall back nor move forward.

(Deepanshu Mohan, Professor and Dean, O.P. Jindal Global University, Director, Centre for New Economics Studies (CNES), Visiting Professor, LSE, and Visiting Research Fellow, University of Oxford; Ankur Singh, Research Assistant, CNES)

THE GIST

- India is among the fastest growing major economies in the world. Yet concerns about inequality, wage stagnation and employment generation have intensified rather than receded.
- Fewer than 10% of workers hold formal jobs with social security protections. The rest operate in an informal economy where growth is limited and earnings remain uncertain. Data shows 94% of informal workers earn less than ₹10,000 per month.
- Between 2016 and 2021, the manufacturing sector shed close to 24 million jobs even as the economy grew. At the same time, gains at the top have accelerated. Estimates suggest that 271 billionaires hold wealth equivalent to roughly one quarter of the country's net national income.

Key Structural Fault Lines

A. The "Jobless Growth" Paradox

India's growth is increasingly driven by capital-intensive sectors that do not absorb labor at scale.

- **Manufacturing Decline:** Between 2016 and 2021, the manufacturing sector shed **24 million jobs**, forcing a "reverse migration" back to agriculture.
- **Agricultural Burden:** Agriculture employs **46% of the workforce** but produces only **18% of the output**, leading to disguised unemployment and low per-capita income (~₹75/day per person in farm households).

B. The Fragility of the Informal Sector

- **Earnings:** Data from the **e-Shram portal** reveals that **94%** of registered informal workers earn less than **₹10,000 per month**.
- **Lack of Social Security:** Fewer than 10% of workers have formal contracts or social security, making their "middle class" status highly precarious.

C. Stagnant Real Wages

Despite improvements in overall productivity, the **real wages** for salaried workers have remained largely stagnant. This indicates a fracture in the transmission mechanism where the fruits of economic growth are not being shared with the labor force.

The Statistical Mirage: Poverty vs. Mobility

The article highlights a "statistical failure." Conventional metrics celebrate crossing a poverty line, but they ignore the **distance from a reasonable standard of living.**

- **The "Liar's Dividend" of Growth:** High GDP growth masks extreme inequality. For instance, the **top 1%** captures **22% of national income**, and 271 billionaires hold wealth equivalent to a quarter of the national income.
- **Human Capital Constraints:** High rates of **child wasting (18.7%)** and **stunting (35.5%)** act as "mobility traps," ensuring that the next generation remains stuck in low-productivity cycles.

Financialization of Subsistence

A worrying trend is the shift in household balance sheets:

- **Net Financial Savings:** Dropped to **5% of GDP**.
- **Unsecured Debt:** Rising sharply, not for investment or aspiration, but to "smooth consumption" (buying basics on credit). This signifies that the middle class is living on the edge of a debt trap.

Policy Recommendations for UPSC

To transition from "reducing poverty" to "increasing mobility," the following shifts are required:

Labor-Intensive Industrialization: Reviving manufacturing (PLI schemes need to focus more on employment generation than just output).

Formalization with Protection: Moving beyond mere registration (like e-Shram) to providing actual portable social security benefits.

Human Capital Investment: Drastic improvements in public health and education quality to ensure that "schooling" actually translates into "learning" and "employability."

Wage-Productivity Link: Policy interventions to ensure that productivity gains lead to proportional increases in real wages.

Conclusion

India's development story is at a crossroads. The "New Welfareism" (subsidized food and direct transfers) has successfully created a floor that prevents extreme deprivation. However, it has not yet built a ladder. Without a structural shift that prioritizes **productive employment** over **capital-intensive growth**, India risks creating a permanent "vulnerable class" that is too rich to be called poor, but too precarious to be called a stable middle class.

UPSC Prelims Exam Practice Question

Ques: Which of the following best explains the term "Jobless Growth"?

(a) Growth accompanied by rising unemployment

(b) Growth driven by sectors that generate limited employment

(c) Growth without industrialization

(d) Growth only in agriculture

Ans: b)

UPSC Mains Exam Practice Question

Ques: Discuss the concept of the "vulnerable middle class" in India. How is it different from traditional poverty? **(150 Words)**

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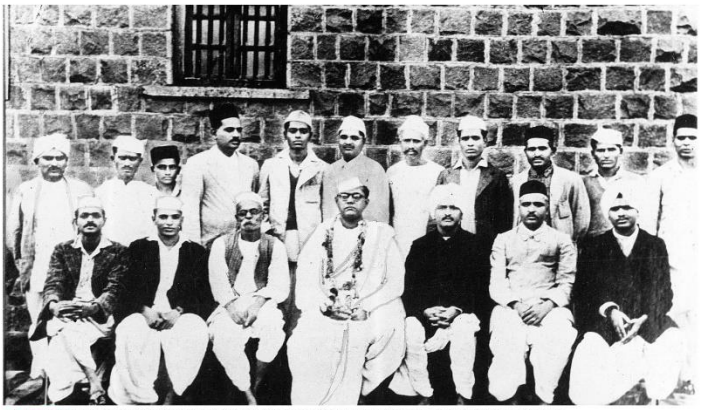
Subhas Chandra Bose remains one of the most complex figures of the Indian National Movement. The article highlights his journey from **Vedantic Idealism** to **Hegelian Dialectics**, eventually culminating in his indigenized socialist doctrine, **Samyavada**. His belief that "the essential nature of reality is LOVE" was paradoxically paired with a pragmatic, often militant, approach to state-building, creating a unique "Revolutionary Praxis."

BIBLIOGRAPHY



Man of many tales: A photograph of Subhas Chandra Bose (middle with garland) after addressing a public meeting at Beadgi in Dharwar district in 1939. THE HINDU ARCHIVES

Subhas Chandra Bose: the paradox of a revolutionary's theory and praxis

The leader synthesised Indian spirituality with Hegelian dialectics, evolving from an absolute idealist into a pragmatic revolutionary seeking to build a modern, socialist India — an analysis on Bose's journey through philosophy, politics, and his plans for society and national regeneration

Prathmesh Kher

On August 18, 1945, a plane carrying Subhas Chandra Bose crashed over Taihoku in Taiwan. With that perished a systematic attempt to forge a "higher synthesis" between the spiritual wisdom of the East and the material dynamism of the West. Bose was neither a dreamer content with abstract philosophy nor a crude pragmatist indifferent to moral questions. As he put it himself, he refused to accept what he "could not live up to—what is not workable".

This piece examines his intellectual journey from absolute idealism to a dialectic conception of reality and its influence on his political doctrine and his revolutionary praxis.

I. Philosophical foundation

Bose's early years were dominated by Vedanta as interpreted by Shankaracharya. He eventually found its core – the Doctrine of Maya, the world as illusion – incompatible with the needs of a revolutionary. In his autobiography *An Indian Pilgrim* (1937), he reflects: "There was a time when I believed that Absolute Truth was within the reach of human mind and that the Doctrine of Maya represented the quintessence of knowledge. Today I would hesitate to subscribe to that position. I have ceased to be an absolutist and am much more of a pragmatist"

Discarding Maya did not push Bose toward materialism. He came instead to view the world as real and evolving: "The world is a manifestation of Spirit and just as Spirit is eternal so also is the world of creation... It reflects the eternal play of eternal forces–the Divine Play, if you will." The essential nature of this reality, for Bose, was moral: "For me, the essential nature of reality is LOVE."

While Bose's "Spirit" was Indian in origin, he found the law of its unfolding in Hegelian Dialectics: "Hegel would dogmatise that the nature of the evolutionary process, whether in the thought world or in reality outside, is dialectic. We progress through conflicts and their solutions. Every thesis provokes an antithesis. This conflict is solved by a synthesis... undoubtedly Hegel's theory is the nearest approximation to truth."

By synthesising Hindu philosophy with Hegelian dialectics, Bose concluded that since reality is Spirit gradually unfolding through conflict, the moral duty of the individual is to participate in that conflict – a belief that directly informed his doctrine of Samyavada.

II. Doctrine of harmonious equality

Rooted in the Sanskrit *Sāmya* (equality, concord, harmony) and *vāda* (doctrine), Samyavada was not an imported ideology but a product of India's own philosophical evolution – a "Doctrine of Harmony" designed to resolve the contradictions of the modern age.

Bose did not view Fascism or Communism as finalities but as stages in the dialectical process. In *The Indian Struggle* (1934), he argued that India's role was to resolve their conflict: "The conflict between Fascism on the one side and Communism on the other... I see no reason why we cannot work out a synthesis of the two systems that will embody the good points of both"

He was equally critical of those who sought to blindly transplant foreign ideologies onto Indian soil. In *Forward Bloc – Its Justification* (1941): "The Forward Bloc is a revolutionary and dynamic organisation. As such it does not swear by copy-book maxims or by text-books of Politics or Economics. It is anxious to assimilate all the knowledge that the outside world can give... It regards progress or evolution as an eternal process to which India also has a contribution to make."

Bose framed Samyavada as India's specific gift to the world's political lineage. In *The Anti-Imperialist Struggle and Samyavada* (1933), he traced a line of national contributions, from England's constitutionalism, the French notions of liberty and fraternity, to Germany's Marxism and the proletarian revolution of Russia, and declared: "The next remarkable contribution to the culture and civilisation of the world, India will be called upon to make."

In practice, Samyavada was a blueprint for a "thoroughly modern and Socialist State". His 1941 Kabul thesis listed its goals: complete national independence, scientific large-scale production, social ownership and control of production and distribution, and "application of the principles of equality and social justice in building up the New Order in Free India."

III. Scientific Blueprint

For Bose, political freedom was merely the threshold. The real task was the total social and economic regeneration of the country. Addressing the Punjab Students' Conference in 1929, he defined independence in sweeping terms: "For me, it signifies independence for all – for the society, as well as the individual, for man as well as woman, for the rich as well as the poor; and implies not merely political freedom, but an equal distribution of wealth, removal of caste differences and social injustice, and abolition of all communal narrownesses and bigotry."

As he moved into Congress leadership, he shifted from defining freedom to planning its mechanical implementation. A staunch advocate of industrialisation, he set himself apart from the Gandhian focus on agrarian self-sufficiency.

In his 1938 Haripura Presidential Address: "The first step in national reconstruction will be the eradication of poverty... This will require the scientific reorganisation of our agricultural and industrial life... I am a firm believer in the social ownership and control of both production and distribution."

Bose also became convinced that a fractured, impoverished India could not afford slow-moving, decentralised democracy during reconstruction. In *The Indian Struggle* (1934), he wrote: "It will be a Government of a strong Adarsha Sangh... which will have a strong Central Government with full powers for the period of reconstruction... a Federal Government for India but a strong Central Government with a certain amount of authoritarianism for a period of time."

It must be noted that Bose was living in an era when authoritarianism had caught the imagination of many nations, from Nazi Germany, Imperial Japan, Soviet Russia, Kemalist Turkey, all of whom had undergone massive economic and cultural changes under centralised rule. Political theories, however, must be evaluated in the light of their times. Modern rights-based societies should rightfully question the prudence of and resist an appeal to authoritarianism as a shortcut solution to structural problems.

(First in a two-part series)

Philosophical Evolution: From Maya to Action

Bose's transition reflects a shift from abstract spirituality to "Applied Philosophy":

- **Rejection of Maya:** Unlike classical Shankaracharya Vedanta, Bose found the "world as illusion" (Maya) counterproductive for a freedom fighter. He adopted a worldview where the material world is a "manifestation of the Spirit" and thus real and worth fighting for.

Hegelian Dialectics: He adopted the Western concept of **Thesis-Antithesis-Synthesis**. He believed that Indian independence would be the "Synthesis" emerging from the conflict between British Imperialism and Indian Nationalism.

The Law of Love: Despite his militant image, Bose grounded his revolutionary theory in the moral principle of Love and Service, a trait often overshadowed by his military alliances.

Samyavada: The Doctrine of Harmony

Bose's political ideology, **Samyavada**, was his attempt to find a "Third Way" for India:

Beyond Foreign "Isms": He criticized the blind imitation of Western Communism or Fascism. He sought a synthesis that captured the **efficiency/discipline of Fascism** and the **social equality of Communism**, rooted in Indian culture.

Samyavada Goals: His "Kabul Thesis" (1941) outlined a blueprint for free India:

Large-scale scientific production (Industrialization).

Social ownership of means of production.

A completely classless and casteless society.

Global Contribution: Bose believed India's mission was to offer the world a higher form of civilization, just as England gave Constitutionalism and France gave Liberty.

Scientific Planning & Economic Vision

Bose was a pioneer of the **Planned Economy** in India, which set him apart from the Gandhian "Gram Swaraj" model:

National Planning Committee (NPC): As Congress President in 1938 (Haripura), he initiated the NPC (later the precursor to the Planning Commission) with Meghnad Saha and Jawaharlal Nehru.

Industrialization: He argued that poverty could only be eradicated through "scientific reorganization" and heavy industries, rather than just cottage industries.

Authoritarianism for Reconstruction: Reflecting the global trends of the 1930s (Kemalist Turkey or Soviet Russia), Bose argued for a strong, centralized "Adarsha Sangh" (Elite Vanguard) to lead India through a transition period of rapid reconstruction.

Critical Analysis

Theme	Netaji's Approach	Contrast / Context
Ideology	**Samyavada** (Synthesis)	Balanced the extremes of Left (Communist) and Right (Fascist) ideologies of his

Theme	Netaji's Approach	Contrast / Context
		time.
Economic	**Large-scale Industrialization**	Diverged from Gandhi's agrarian-centric, decentralised model.
Governance	**Centralized / Authoritarian**	Believed a young, fractured nation needed a "strong hand" initially to prevent chaos.
Social	**Radical Equality**	Demanded absolute removal of caste and communal narrowness.

Conclusion

Subhas Chandra Bose was a "Pragmatic Revolutionary." His life was an attempt to bridge the gap between **Atman (Spirit)** and **Anu (Atom/Science)**. While modern democratic sensibilities rightly critique his openness to authoritarianism, his contribution to **Economic Planning** and his vision of a **Socialist-Secular India** remain foundational to the modern Indian state. His "Paradox" lies in his use of Hegelian conflict to achieve a Vedantic harmony.

UPSC Prelims Exam Practice Question

Ques: The doctrine of Samyavada, associated with Subhas Chandra Bose, aimed to:

(a) Promote pure Marxist socialism

(b) Combine elements of different ideologies suited to Indian conditions

(c) Establish a theocratic state

(d) Reject industrialization

Ans: b)

UPSC Mains Exam Practice Question

Ques: Subhas Chandra Bose's ideology was a synthesis of Eastern spirituality and Western political thought. Discuss. **(250 Words)**

The fallout of the crisis in West Asia on India's economy

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While the Russia-Ukraine war shows no sign of abatement, another major crisis in West Asia has hit the global economy. This war has disrupted production, storage, and transport of various energy products including crude oil, natural gas and fertilizers, and has led to supply disruptions and increase in sectoral prices. There is a serious, although partial, blockade of the Strait of Hormuz thereby restricting the passage of crude oil, gas and other petroleum products as well as other goods. Even if matters get resolved in the near future, it may take considerable time for the normalisation of the supply chain. However, even the temporary ceasefire that has been agreed to has brought down the Brent crude oil price from $109.3 per barrel as on April 7 and 8, to about $95.

India has been diversifying its sources of imported crude oil, gas and fertilizers. At present, India is importing crude oil from 41 source countries. In fact, India's dependence on imported crude has been increasing in recent years and it is presently close to 90%.

The relevant crude price index for India is the Indian crude basket comprising Sweet grade (Brent) and Sour grade (Oman and Dubai average), which remains linked to the global crude oil price (average of Brent, WTI and Dubai). Considering the average of March 2026, the Indian crude basket was about 19% higher than the global crude price. The rise in the price of the Indian crude basket in March 2026 was over 64.5% that of February 2026 on average, even though the price increase for end-users were moderated.

With the temporary ceasefire, the Indian basket has come down to $120.28 per barrel on April 9, 2026 from the peak of $157 per barrel on March 23, 2026 – that is by a margin of $37/bbl.

Multiple stressors

The impact on the Indian economy will come through several channels. First is supply disruptions. Supply bottlenecks will affect production processes primarily in energy intensive sectors. However, any disruptions in these sectors would cascade into other sections of the economy, with the affected industries likely being textiles, paints, chemicals, fertilizers, cement and tyres among others. The non-availability of fertilizers and other chemicals particularly would affect the agricultural output in the Kharif season which will start from June.

Secondly, logistics. Storage and transport are highly energy intensive. Increased logistics costs will lead to the increase in the prices of all final products through cascading.

The non-availability of fertilizers and other chemicals would affect the agricultural output in the Kharif season which will start from June

Third, Indian exports will take a hit from both demand and supply sides. The demand side will be affected not only due to disruptions in West Asia but also due to a slowdown in other countries, including the U.S. and Europe. The share of India's merchandise exports to West Asian countries was 16.4% of total merchandise exports in 2024-25. The depreciation of the rupee, that is already underway, may partially help Indian exporters.

Fourth, exchange rate and remittances will be affected. The Indian rupee has been depreciating in recent months. The rate of depreciation has accelerated after the start of the West Asian crisis. As global crude prices, and the prices of fertilizers and other energy products also increase, there would be an additional demand for the dollar and other hard currencies; the exchange rate will be under pressure. Moreover, India receives a considerable number of remittances from Indians employed in the Gulf countries. These remittances are bound to go down, adding further pressure on the exchange rate. However, any improvement in the overall environment may lift the rupee.

In fact, the sharp decline in the value of the rupee has been caused mainly by the substantial capital outflows triggered by uncertainty and fear. When the war ends, the value of the rupee will also rise. The net Foreign Portfolio Investment (FPI) outflows in March 2026 amounted to $13.6 billion, which is huge.

Fifth, is the current account deficit. The fall in the volume of Indian exports is expected to be accompanied by an increase in the value of Indian imports leading to an increase in the current account deficit, if the war continues. Sixth is rising inflation. Cost push inflation would affect relative prices in sectors that are directly affected such as petroleum products, fertilizers etc. However, if liquidity also increases, there would be pressure on overall inflation. The country needs to avoid any large liquidity increases.

And finally is the fiscal deficit problem. The Government of India may have to provide additional subsidies to Oil Marketing Companies (OMCs) as it insists on keeping retail prices at present levels. While to some extent, the reduction in excise duty on petrol and diesel would reduce losses for the OMCs, it would be a direct revenue loss to the Indian government. If real GDP growth goes down and profit margins fall for major producers, there will be an adverse impact on the government's tax revenues. State finances will also be affected due to lower economic activity. Their share in tax devolution would be adversely affected if the Central government's tax revenues go down. States may also face pressure to reduce sales tax/VAT on petroleum products. In fact, the government must rethink the reduction in excise duty on petroleum products. The present move is due to the ongoing State elections. After that, the retail prices should go up, if the war resumes. In that situation, the higher price may constrain demand which is desirable.

Myriad policy responses

As per information shared by the Central Board of Indirect Taxes and Customs (CBIC) chairman on March 27, the fortnightly loss on account of lower excise duties on petrol and diesel will be ₹7,000 crore whereas there would be a gain of ₹1,500 crore per fortnight on account of export tax on Aviation Turbine Fuel. This implies a net loss of ₹5,500 crore per fortnight, translating into an annual loss in tax revenue of about ₹1,32,000 crore for the government, should the crisis continue for the full year.

In all likelihood, food, fertilizers and petroleum subsidies would be higher than their budget estimates for 2026-27. As already mentioned, retail prices must be allowed to go up so long as crude prices remain high.

Although it is difficult to estimate the quantitative impact of the current crisis, some impacts were given by the RBI in its October 2025 Monetary Policy Report. In their estimates, for every 10% increase in the price of the Indian crude basket from a baseline of $70 per barrel, that is an increase of $7 per barrel, real GDP growth may fall by around 15 basis points. Further, assuming full pass-through to domestic product prices, inflation would be higher by 30 basis points.

As on April 9, 2026, the price of the Indian crude basket at $120.28 per barrel has exceeded the baseline by about $50 per barrel. If this margin of increase becomes applicable for the whole year, real GDP growth may fall from baseline estimates by 1 percentage point and inflation may increase by more than 2 percentage points. While these effects would be lower if the crisis gets resolved quickly, much depends upon when true peace will dawn.

Views expressed are personal.

GS Paper II & III: **International Relations & Indian Economy**

UPSC Mains Exam Practice Question: Analyze the transmission channels through which rising crude oil prices impact the Indian economy. **(150 Words)**

Context : The crisis in West Asia, marked by the blockade of the **Strait of Hormuz**, has created a severe supply-side shock to the global economy. For India, which is **90% dependent on imported crude**, the volatility in the "Indian Crude Basket" (a mix of Brent, Oman, and Dubai grades) poses a direct threat to growth, inflation, and fiscal health. Even with a temporary ceasefire bringing prices down to **$95–$120/bbl** from a peak of **$157**, the structural damage to supply chains remains a concern.

Transmission Channels of the Crisis

The impact filters through the Indian economy via six primary "stressors":

A. Supply Disruptions & Agriculture

Sectoral Impact: Energy-intensive sectors like textiles, paints, and chemicals face production bottlenecks.

Kharif Risk: The most critical impact is on **fertilizers**. Disruptions ahead of the June Kharif season could depress agricultural yields, further straining food security (especially given the "below-normal" monsoon forecast).

B. Logistics & Cascading Costs

Increased fuel prices lead to higher freight and storage costs. This creates **cascading inflation**, where the price of every final product—from vegetables to cement—rises due to transport overheads.

C. Trade & External Sector

Exports: 16.4% of India's merchandise goes to West Asia. A regional slowdown, combined with recessionary fears in the U.S. and Europe, creates a dual demand-supply squeeze on Indian exporters.

Current Account Deficit (CAD): Higher import bills (oil/fertilizers) and falling export volumes lead to a widening CAD.

D. Currency & Capital Outflows

Exchange Rate: Increased demand for dollars to pay for expensive oil leads to rupee depreciation.

FPI Flight: Fear and uncertainty triggered massive **Foreign Portfolio Investment (FPI) outflows** ($13.6 billion in March 2026 alone), further weakening the rupee.

Remittances: A prolonged conflict reduces the income of the Indian diaspora in the Gulf, potentially lowering inward remittances.

The Fiscal and Inflationary Dilemma

Dr. Rangarajan highlights a critical policy conflict between **inflation management** and **fiscal deficit**:

The Subsidy Burden: To protect consumers (and influenced by state elections), the government has kept retail prices stable while cutting excise duties.

Revenue Loss: The net loss from excise duty cuts is estimated at **₹5,500 crore per fortnight** (approx. ₹1.32 lakh crore annually).

Inflation Impact: According to RBI estimates, for every $7/bbl increase in oil, inflation rises by 30 basis points. With current prices $50 above the baseline, **inflation could spike by over 2 percentage points**, while GDP growth could fall by **1 percentage point**.

Strategic Lessons

Concept	Relevance to the Crisis
Indian Crude Basket	A weighted average of Sour (Oman/Dubai) and Sweet (Brent) grades; more relevant to India than just Brent.
Strait of Hormuz	A vital "choke point" for global oil; its blockade is the primary driver of the current supply crunch.
Cost-Push Inflation	Inflation driven by rising input costs (oil/fertilizers) rather than excess consumer demand.
Fiscal Marksmanship	The difficulty of sticking to budget estimates for subsidies (Food, Fertilizer, Fuel) during global shocks.

Conclusion

The analysis underscores that India's economic resilience is currently being tested by a "Triple Threat": **high oil prices, a weakening rupee, and a potential fertilizer shortage**. Dr. Rangarajan's recommendation is clear: the government must eventually allow retail prices to rise to constrain demand and protect the fiscal deficit. For a sustainable future, India must accelerate its **diversification of energy sources** and increase **strategic petroleum reserves** to cushion against such "black swan" events in West Asia.