

**The Hindu Important News Articles For UPSC CSE**

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**Edition : International Table of Contents**

<p><b>Page 06</b> Syllabus : GS II : Social Justice - Health</p>	<p><b>COVID-19 linked to 22.1 million excess deaths globally from 2020 to 2023: WHO report</b></p>
<p><b>Page 07</b> Syllabus : GS II : Social Justice – Education</p>	<p><b>Medical education in India needsto pivot to quality over quantity</b></p>
<p><b>Page 08</b> Syllabus : GS III : Disaster Management</p>	<p><b>Cooling doctrine : Access to safe indoor temperatures must be a public-health entitlement</b></p>
<p><b>Page 10</b> Syllabus : GS III : Indian Economy / Prelims Exam</p>	<p><b>Capital flight and pressure on the rupee</b></p>
<p><b>Page 10</b> Syllabus : GS III : Indian Economy</p>	<p><b>India’s labour market shows gains, but challenges persist</b></p>
<p><b>Page 08 : Editorial Analysis</b> Syllabus : GS II : International Relations</p>	<p><b>The Iran war, India’s strategic autonomy challenges?</b></p>

**Page 06 :GS II : Social Justice - Health**

The World Health Organization (WHO) recently released its flagship **World Health Statistics Report**, providing a sobering assessment of the global health landscape. The report reveals that the COVID-19 pandemic caused a staggering **22.1 million excess deaths** between 2020 and 2023—a figure more than three times the officially reported deaths. This data underscores the profound disruption of global health systems and the "hidden" mortality caused by the collapse of routine care during the crisis.

**Key Findings: The Impact of COVID-19**

- **Excess Mortality:** The 22.1 million figure includes both direct deaths (from the virus) and indirect deaths (due to overwhelmed healthcare systems, lack of oxygen, and delayed treatments for other conditions).
- **Reversal of Progress:** The pandemic effectively wiped out nearly a **decade of gains** in global life expectancy. Between 2019 and 2021, global life expectancy dropped by **1.8 years** (to 71.4 years), returning to 2012 levels.
- **Uneven Recovery:** While some regions are rebounding, the recovery remains "incomplete and uneven," with the **Americas and South-East Asia** (including India) witnessing the sharpest drops in life expectancy.

**Notable Global Health Successes (2010–2024)**

Despite the pandemic's setback, the report highlights significant long-term progress in several sectors:

- **Infectious Diseases:** New HIV infections fell by **40%**, and interventions for Neglected Tropical Diseases (NTDs) dropped by **36%**.
- **Lifestyle Factors:** Global declines were noted in both tobacco use and alcohol consumption.
- **Infrastructure & WASH:** Over **1.2 billion people** gained access to sanitation, and **961 million** gained access to safe drinking water between 2015 and 2024.
- **Regional Wins:** The **WHO African Region** saw a 70% reduction in HIV infections, while **South-East Asia** is on track to meet malaria reduction milestones for 2025.

**Persistent Challenges & Concerns**

The report warns of several "stagnating" or worsening health indicators:

- **Malaria:** Incidence increased by **8.5%** since 2015, moving the world away from its elimination goals.
- **Gender-Based Health Inequity:** Anaemia affects **30.7%** of women of reproductive age, with no improvement in 10 years. Additionally, **1 in 4 women** globally face intimate partner violence.

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**COVID-19 linked to 22.1 million excess deaths globally from 2020 to 2023: WHO report**

**Bindu Shajan Perappadan**  
 NEW DELHI

The World Health Organization (WHO) has said the COVID-19 pandemic exposed vulnerabilities in global health systems and was linked to an estimated 22.1 million excess deaths, including indirect deaths, between 2020 and 2023.

The estimate, published in the WHO's flagship World Health Statistics report, is more than three times the number of officially reported COVID-19 deaths and reflects the scale of the pandemic's global impact. The report said the pandemic reversed a decade of gains in life expectancy, with recovery remaining incomplete and uneven across regions.

The report also highlighted notable progress in several areas. New HIV infections fell by 40% between 2010 and 2024, while both tobacco use and alcohol consumption declined during the period. The number of people requiring interventions for neglected tropical diseases dropped by 36% between 2010 and 2024.

Access to services shaping health outcomes also expanded rapidly between 2015 and 2024. During this period, 961 million people gained access to safe drinking water, 1.2 billion to sanitation, 1.6 billion to basic hygiene and 1.4 billion to clean cooking solutions.

The report said the WHO African Region achieved faster-than-global reductions in HIV infections, down by 70%, and tuberculosis, down by 28%. It added that the South-East Asia Region was on track to meet its 2025 milestone for malaria reduction.

**Challenges remain**  
 However, the report warned that significant challenges remain. Malaria incidence increased by 8.5% since 2015, moving the world further away from global targets.

Anaemia affects 30.7% of women of reproductive age, with no improvement recorded over the past decade.

The report also noted that violence against women remains widespread, with intimate partner violence affecting one in four women globally.



## Daily News Analysis

- **Non-Communicable Diseases (NCDs):** NCDs like heart disease and diabetes remain the world's leading killers, responsible for roughly **74% of deaths** even during the pandemic.
- **Obesity Crisis:** Over one billion people are now living with obesity, creating a "double burden" of malnutrition alongside underweight populations.

### Significance for India

- **Health System Resilience:** The data reinforces the need for India to strengthen its **Primary Healthcare (PHC)** and emergency response infrastructure (e.g., Ayushman Bharat, PM-ABHIM).
- **Data Integrity:** The gap between "official" and "excess" deaths highlights the necessity for robust **Civil Registration and Vital Statistics (CRVS)** systems.
- **Targeted Interventions:** India must address the stagnation in anaemia and the rising incidence of NCDs to safeguard its demographic dividend.

### Conclusion

The WHO report serves as a "call to action" for global leaders. While long-term trends in sanitation and certain infectious diseases are positive, the massive excess mortality from COVID-19 highlights the fragility of current health systems. For a country like India, the way forward lies in **integrated health surveillance**, bridging regional inequities, and shifting focus from curative care to the management of NCDs and nutrition. Achieving the **Sustainable Development Goal (SDG) 3** (Good Health and Well-being) by 2030 will require an unprecedented acceleration of global health diplomacy and domestic investment.

### UPSC Mains Exam Practice Question

**Ques:** "Health system resilience is as important as economic resilience in the 21st century." Discuss in the light of the excess mortality revealed by the WHO World Health Statistics Report. (150 words) **(150 Words)**

**Page 07 :GS II : Social Justice – Education**

India's medical education sector is at a paradox: while the **quantitative expansion** of infrastructure has been historic, the **qualitative outcomes** are under intense scrutiny. With the recent controversies surrounding NEET-UG 2024 and 2025, the debate has shifted from "capacity building" to "systemic integrity." The current challenge lies in transitioning from a "numbers-driven" approach to a "competency-based" model that aligns with global standards and technological advancements.

**The Shift from Quantity to Quality**

The report highlights a massive surge in medical infrastructure over the last few years:

- **Expansion:** Medical colleges increased from ~596 (2021-22) to **over 818** (2025-26).
- **Seat Growth:** MBBS seats reached **1.29 lakh**, with PG seats nearing **85,000**.
- **The Problem:** Despite high numbers, thousands of seats remain vacant in non-clinical specialties, signaling a mismatch between institutional supply and student aspirations/market demand.

**Structural Challenges Identified**

- **Examination Integrity (NEET):** Recurring paper leaks and cancellations have eroded trust. While NEET standardized entry, its current form over-emphasizes rote learning rather than **higher-order cognitive skills** and clinical reasoning.
- **Faculty Shortages:** A "regulatory rigmarole" exists institutions struggle to meet student ratios, particularly in clinical and para-clinical disciplines.
- **Changing Aspirations:** The profession is losing its "demigod" status. Long durations (10+ years) and high pushing Gen-Z toward alternative careers with better balance.
- **Research Stagnation:** Doctoral research in medicine is often translational," performed for academic promotions than solving real-world health challenges.

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## Medical education in India needs to pivot to quality over quantity

The cancellation of NEET-UG has once again brought into sharp focus, the many concerns and the need for structural changes, in medical education in India; future reforms could focus on assessing higher-order cognitive and clinical reasoning skills, reducing excessive reliance on rote learning and enhancing examination conduct, reducing stress



**Jayanthi Bangarajan**

**M**edical education in India stands at a defining crossroads. Over the next decade, the country has witnessed an unprecedented expansion in its capacity to train future doctors. The number of medical colleges has grown from around 596 in 2021-22 to over 818 in the academic year 2025-26. Correspondingly, MBBS seats have increased from approximately 83,000 to nearly 1.29 lakh, while postgraduate seats now approach 85,000 nationwide.

However, this rapid expansion brings into sharp focus a critical question: are we ensuring the quality of the doctors being produced? Are we adapting to ground realities of student preferences, faculty shortages, huge establishment costs, and the redundancy of the regulatory rigmarole? The cancellation of this year's NEET-UG, that has not only left over 22 lakh medical aspirants in the lurch, but has also triggered calls for a structural reform, has brought this sharply into focus.

**Changing trends**

Recent trends suggest a shifting paradigm. Reports indicate that thousands of undergraduate and postgraduate seats remain vacant, particularly in non-clinical specialties. This raises concerns about the alignment between capacity creation and student preferences, as well as the perceived value of different medical career pathways.

There is also a noticeable shift in the aspirations of younger generations. The traditional allure of the medical profession – the symbolic white coat and stethoscope – is gradually losing some of its sheen. The long duration of training, often extending well beyond a decade for specialisation, combined with increasing professional pressures, has led many students to consider alternative career paths that offer quicker stability and work-life balance.

Equally important is the evolving societal perception of doctors. Once regarded with near-unquestioned trust and reverence, often seen as 'demigods', doctors are now increasingly viewed as healthcare providers within a transactional system. While this reflects growing awareness and accountability in healthcare, it has also altered the nature of the doctor-patient relationship, potentially contributing to a perceived decline in the profession's prestige.

The National Eligibility cum Entrance Test (NEET) was introduced for the much-needed standardisation and transparency with regard to the selection of medical students. However, in recent times, it has attracted criticism over the numerous instances of paper leaks leading to cancellations and re-examinations, putting a lot of pressure on aspirants, and raising questions about the capability of the system. Despite this, the test does ensure a baseline level of

**THE GIST**

Reports indicate that thousands of undergraduate and postgraduate seats remain vacant, particularly in non-clinical specialties. This raises concerns about the alignment between capacity creation and student preferences, as well as the perceived value of different medical career pathways.

In an era of digital technology and AI, in order for an Indian medical graduate to be relevant in the global scenario, all outdated and redundant infrastructure and teaching as well as learning and assessment requirements must be updated.

The system must now transition from a focus on numbers to a focus on outcomes. Producing competent, compassionate, and future-ready doctors should remain the central goal. Achieving this will require visionary policy-making, institutional commitment, and a willingness to embrace change.

**The way forward**

India has successfully addressed the challenge of capacity building in medical education. The next phase must focus on:

- Ensuring high-quality teaching and faculty availability
- Promoting meaningful, impactful research
- Integrating modern technology into education and practice
- Restoring trust and professionalism in healthcare

The transformation of medical education in India is both an opportunity and a responsibility. The system must now transition from a focus on numbers to a focus on outcomes. Producing competent, compassionate, and future-ready doctors should remain the central goal. Achieving this will require visionary policy making, institutional commitment, and a willingness to embrace change.

At this critical juncture, the question is no longer how many doctors India can produce, but how well it can prepare them to handle the future health care requirements of the country.

*(Dr. Jayanthi Bangarajan is a senior physician and medical educationist. jayanthi30@gmail.com)*

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# Daily News Analysis

## Proposed Strategic Reforms

To make Indian medical graduates (IMGs) globally relevant, the following reforms are essential:

Focus Area	Proposed Reform
Faculty Management	Create a <b>National Faculty Pool</b> (centralized public-private digital teaching) and integrate <b>Professors of Practice</b> (experienced clinicians).
Curriculum & AI	Introduce <b>AI and Digital Health</b> from the induction stage; upgrade hospitals with modern diagnostic tools.
Assessment	Move from "checklist compliance" to <b>Outcome-Based Assessments</b> and clinical reasoning tests.
Research	Shift focus to <b>Translational Research</b> that directly impacts patient care and policy-making.

## Ethical and Societal Dimensions

- **The Transactional Shift:** The doctor-patient relationship is moving from one of "unquestioned trust" to a "transactional healthcare provider" model. This requires a renewed focus on **medical ethics and compassion** within the curriculum.
- **Work-Life Balance:** The system must address the mental health and professional burnout of resident doctors to maintain the profession's appeal.

## Conclusion

*Aim, Think & Achieve*

The focus of India's medical education must now pivot from "**How many doctors?**" to "**How well-prepared are they?**" Robust policy-making is needed to de-stress the entry process, digitize the curriculum with AI, and bridge the faculty gap through innovative sharing models. Only by fostering a culture of inquiry-based learning and translational research can India ensure that its medical graduates are not just degree-holders, but future-ready healers capable of navigating a technology-driven healthcare landscape.

## UPSC Mains Exam Practice Question

**Ques:** India's medical education system is witnessing rapid quantitative expansion but faces significant qualitative deficits. Discuss the structural challenges and suggest reforms required to create globally competent medical professionals. **(150 Words)**

**Page 08:GS III : Disaster Management**

In recent years, India has witnessed a dramatic surge in the frequency and intensity of heatwaves, leading to the 16th Finance Commission recommending their notification as a National Disaster. While existing Heat Action Plans (HAPs) focus on emergency response (water kiosks, advisories), they often fail to address the "biological untenability" of indoor environments where millions live and work. The shift toward a "National Cooling Doctrine" represents a transition from disaster management to a Rights-Based Approach, treating access to safe indoor temperatures as a fundamental public health entitlement.

**The Core Problem: Why HAPs are Falling Short**

- **Implementation Gaps:** Many HAPs are "imitations" of generic plans, lacking local context or legal teeth.
- **The "Indoor" Blind Spot:** Current strategies focus on outdoor relief (shaded bus stops), but ignore the millions in factories, warehouses, and informal housing where indoor temperatures often exceed outdoor ones.
- **Economic Impact:** Heat is a "silent productivity killer." In 2024, India lost approximately **247 billion labor hours**, translating to nearly **\$194 billion** in income losses.
- **Inadequate Metrics:** Most plans rely on "dry-bulb" temperature, ignoring the **Heat Index** (temperature + humidity), which is critical in India's wet, humid climate.

**Pillars of a National Cooling Doctrine**

**1. Legislative & Regulatory Framework**

- **Mandatory Standards:** Establishing minimum cooling standards for indoor workplaces (factories, delivery hubs, call centers).
- **Labor Welfare:** Integrating "Cooling Rights" into the **Occupational Safety, Health and Working Conditions (OSHC) Code**, moving beyond mere advisories to enforceable inspections.

**2. Technological & Structural Shift**

- **Passive Cooling:** Using "Cool Roofs" (reflective paints), thermal mass, and traditional architectural wisdom to reduce heat gain without electricity.
- **District Cooling:** Implementing large-scale, centralized cooling systems for dense urban clusters, which are significantly more efficient than individual AC units.
- **Grid Calibration:** Developing affordable, high-efficiency ACs designed for Indian voltage fluctuations and high humidity, rather than importing Western models.

**3. Financial Empowerment**

- **Unlocking Funds:** The 16th Finance Commission's recommendation to notify heatwaves as a disaster allows states to access the **SDRF (State Disaster Response Fund)** for long-term mitigation.

**Cooling doctrine**

Access to safe indoor temperatures must be a public-health entitlement

Over the past decade, India's response to extreme heat has settled into a familiar choreography. Summer comes and the National Disaster Management Authority (NDMA) regurgitates its tally of rising preparedness. The 16th Finance Commission has gone further, recommending that heatwaves be notified as a national disaster – a designation that would unblock the door to dedicated central funding. But the heat action plan, as currently conceived, has reached the limits of what it can do. Even the NDMA concedes that the quality of these plans is uneven – several are imitations of plans drafted elsewhere. Where implementation happens at all, it leans heavily on short-term palliatives such as water kiosks, public advisories, and shaded waiting areas at bus stops. While these measures save lives at the margins, they do not alter the underlying exposure of the tens of millions of Indians who work, commute and sleep in conditions that are becoming, in the most clinical sense of the word, biologically untenable.

What India needs is something larger and more ambitious – a national cooling doctrine; a scalable framework that treats sustained access to safe indoor temperatures as a public-health entitlement to be guaranteed. The doctrine must begin where the harm is most acute: mandatory minimum cooling standards for indoor workplaces – factories, warehouses, commercial kitchens, call centres, delivery hubs – backed by an honest and fair inspection regime. Technology will have to do the heavy lifting by deploying passive cooling materials, reflective roofing deployed at scale, district cooling systems for dense urban zones, and cheaper, more efficient air conditioning calibrated for the peculiarities of Indian grids. But the problem cannot be solved by importing solutions designed for the temperate, wealthy economies of the global North. India's heat is wetter, longer and more humid than the dry European summers that produced much of the existing cooling literature. Most Indians cannot afford the energy bills that western-style mechanical cooling implicitly assumes, as the grid in India, even on its best days, can supply at most 60% of its installed capacity. There is no quick fix on offer but to keep printing heat action plans while indoor temperatures climb is no longer a serious answer – it is theatre.

- **Parametric Insurance:** Exploring insurance models that automatically trigger payouts to workers when temperatures hit a specific threshold, protecting livelihoods during "heat lockdowns."

### Challenges to Implementation

- **Energy Insecurity:** Space cooling is projected to account for **45% of peak electricity demand** by 2050. The Indian grid currently meets only about 60% of its installed capacity on peak days.
- **The "Wet Bulb" Reality:** Western solutions fail because Indian heat is "longer and wetter." Mechanical cooling in humid zones is energy-intensive and expensive.
- **Informality:** Enforcing standards in the informal sector, where the majority of the vulnerable workforce resides, remains a massive administrative hurdle.

### Conclusion

A National Cooling Doctrine is no longer a luxury but a necessity for India's demographic dividend to remain productive. To move beyond "policy theatre," the government must integrate the India Cooling Action Plan (ICAP) with urban planning and labor laws. By shifting the perspective from "surviving the summer" to a "right to thermal comfort," India can build a resilient infrastructure that protects both its people and its economy from a warming planet.

### UPSC Prelims Exam Practice Question

**Ques:** The term "Wet Bulb Temperature" is important in heatwave management because:

- A. It measures underground water availability during summer.
- B. It combines the effects of heat and humidity on the human body.
- C. It measures only atmospheric humidity.
- D. It is used exclusively in agricultural meteorology.

**Ans :B)**

### UPSC Mains Exam Practice Question

**Ques:** Heatwaves in India have evolved from a seasonal hazard into a structural developmental challenge. Discuss the limitations of existing Heat Action Plans (HAPs) and evaluate the need for a "National Cooling Doctrine." **(150 Words)**

India's external sector is currently facing a "twin-stress" scenario: a widening Current Account Deficit (CAD) driven by surging energy prices and a volatile Capital Account due to foreign fund outflows. Despite the absence of immediate interest rate hikes by the U.S. Federal Reserve, India is witnessing preemptive capital flight. This highlights a shift from traditional economic triggers to "expectation-based" volatility, threatening the stability of the Rupee and domestic investment climate.

**Key Economic Concepts & Analysis**

**1. The Mechanics of Capital Flight**

Foreign Portfolio Investors (FPIs) seek a balance between **returns** and **risk**.

- **Interest Rate Differential:** Investors hold Indian assets because domestic interest rates are typically higher than those in developed markets.
- **The Risk Factor:** If the Rupee depreciates or Indian inflation rises, the real return for a foreign investor (when converted back to Dollars) shrinks.
- **The Global Shift:** Even without an actual rate hike in the U.S., the **expectation** of future hikes—fueled by a prolonged conflict in the Persian Gulf—prompts investors to move capital to "safe haven" assets like U.S. Treasuries.

**Capital flight and pressure on the rupee**

India's economy is witnessing significant capital outflows and depreciatory pressures on the rupee amid rising oil prices and global uncertainty, coupled with a widening current account deficit. Future interest rate increases abroad could place further stress on India's external account and underlying vulnerabilities.

**ECONOMIC NOTES**

**Rahul Menon**

The recent announcement by Prime Minister Narendra Modi urging individuals to reduce their consumption of gold and petrol brought to the fore what many analysts have warned about: India's situation on the external front is far from rosy. The rupee has witnessed significant depreciation over the last few weeks, while the rise in LPG prices has caused hardships for the working classes and triggered a reverse migration of workers back to villages.

Let us focus on the question of capital flows. The outbreak of hostilities in the Persian Gulf and the closure of the Strait of Hormuz have led to an outflow of foreign capital and a weakening of the rupee relative to major currencies. These are to be expected given the profound uncertainty that has gripped global markets. What makes the situation doubly worrying for India is that these outflows and depreciation have occurred even though interest rates in the U.S. and the U.K. have not changed. If foreign central banks do raise interest rates, it might lead to even more pressure on India's external account in the future.

**The taper tantrum**

Emerging market economies such as India offer higher returns, but they are also exposed to currency and inflation risks. A rise in Indian inflation and/or a depreciation of the rupee can lower the net return to a foreign investor on holding Indian assets. The returns on Indian assets would have to be higher relative to those on foreign assets to compensate for these risks. In simple terms, the decision to hold Indian assets relative to foreign ones depends on the difference between Indian and foreign interest rates. If Indian interest rates remain fixed, an increase in foreign interest rates can prompt foreign investors to reduce their

holdings of Indian assets. This leads to depreciation of the rupee as it is exchanged for dollars. The only way – apart from capital controls – to arrest such a slide is to raise domestic interest rates, but that would negatively affect domestic investment. Monetary policy in emerging economies is tied to that of the U.S.; any increase in U.S. interest rates often forces smaller economies to consider raising their own rates to defend their currencies.

Given the ease with which capital can flow across borders, these outcomes can occur merely on the expectation that interest rates will rise, even before any actual rise. Such an outcome was seen in 2013. With interest rates hitting the zero lower bound in the wake of the 2008 Great Recession, the U.S. Federal Reserve announced a possible end to quantitative easing. The mere expectation of higher future interest rates caused a massive withdrawal of capital from emerging market economies. This was known as the 'taper tantrum'.

What is happening currently is somewhat similar, with capital flight occurring even though interest rates have not actually risen. What is worrying about

the current scenario is that India's depreciation and capital flight have occurred even though foreign central banks have not made any definitive signal that they intend to raise interest rates in the future.

**Uncertainty in monetary policy**

Despite turmoil in energy markets, central banks in developed economies did not initially raise interest rates. The U.S. Federal Reserve and the Bank of England have maintained interest rates at 3.75% since December 2023. Their initial forecasts were built on the idea that the war – and the subsequent oil price increase – would be temporary, with prices returning to normal levels. Raising interest rates in such a scenario would only prove deflationary.

However, the longer the war continues, the greater the possibility that oil prices will remain elevated, thereby increasing inflationary expectations. Rising wages and prices, as economic agents fought to maintain their purchasing power in the face of rising energy prices, would result in rising inflation.

As the war drags on, the possibility of interest rate increases to combat

inflationary pressures rises. The beginning of the war provided confusing signals to central banks. While the futures market in the energy sector anticipated an eventual decline in prices, interest rate futures assumed heightened uncertainty. In dealing with this profound uncertainty, the central banks of the U.K. and the U.S. initially maintained interest rates, providing detailed forecasts outlining different scenarios. And yet, foreign capital exited the Indian economy despite foreign central banks making no commitment to raising interest rates and forecasting the rise in energy prices as being merely temporary.

The rupee had been facing depreciatory pressures for some time; the war gave impetus to a process already occurring. Perhaps one could argue that foreign capital has priced in the possibility of future interest rate hikes and has already acted upon these expectations. The future rise in interest rates – if it were to occur – may not have much of an effect then. But this is to assume that foreign wealth holders have completely discounted the initial stance of Central Banks that inflation was temporary. This is a dangerous assumption to make in a situation of such profound uncertainty.

The Prime Minister's announcement diagnoses the problem the economy currently faces. The current account deficit is widening owing to rising oil prices. Coupled with capital flight, it puts significant pressure on the rupee. But moral suasion cannot be a policy response.

The RBI had initially intervened by imposing restrictions on certain foreign exchange derivative contracts, and the government has recently announced the imposition of import duties on gold. But this has not resolved the underlying vulnerabilities. If interest rates were to rise in the future, these vulnerabilities would come under further stress. The economy is not out of the woods yet.

(Rahul Menon is associate professor at O.P. Jindal Global University)

**THE GIST**

The outbreak of hostilities in the Persian Gulf and the closure of the Strait of Hormuz have created profound uncertainty in global markets, leading to capital outflows from emerging market economies such as India.

Foreign investors may have already priced in the possibility of future interest rate increases abroad, while the war merely accelerated the depreciatory pressures that the rupee had already been facing for some time.



GETTY IMAGES

**2. The "Taper Tantrum" Parallel**

The current situation mirrors the **2013 Taper Tantrum**.

- **2013:** The mere hint that the U.S. Fed would reduce "Quantitative Easing" (bond buying) led to a massive sell-off in emerging markets.
- **2026 Context:** Current outflows are occurring even while central banks (Fed/Bank of England) maintain rates at **3.75%**. This suggests that markets have already "priced in" future inflation caused by elevated oil prices.

**3. The Impact of Energy Markets**

The closure of the **Strait of Hormuz** and Persian Gulf hostilities act as a dual blow:

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# Daily News Analysis

- **Cost-Push Inflation:** Higher LPG and petrol prices increase the cost of living and production, hurting the working class and triggering reverse migration.
- **CAD Widening:** As a net importer of oil, India's demand for Dollars increases to pay for expensive energy, naturally weakening the Rupee.

## Policy Challenges & Responses

Challenge	Current Response	Underlying Vulnerability
<b>Rupee Depreciation</b>	RBI intervention in forex derivative contracts.	Depleting Forex reserves may not be sustainable if flight is prolonged.
<b>Import Pressure</b>	Imposition of import duties on gold; "Moral Suasion" by the PM.	Gold and Oil are relatively inelastic; duties may lead to smuggling or only marginal demand drops.
<b>Capital Outflow</b>	Raising domestic interest rates (Potential).	<b>The Dilemma:</b> Raising rates protects the Rupee but chokes domestic investment and economic growth. ®

## UPSC Relevant "Vulnerabilities"

- **Monetary Policy Dependency:** The "impossible trinity" suggests India cannot have a fixed exchange rate, free capital movement, and an independent monetary policy simultaneously. Currently, India's policy is being "tugged" by U.S. Fed expectations.
- **Social Impact:** Depreciation-led inflation hits the bottom of the pyramid hardest, as seen in the reverse migration mentioned in the text.
- **External Debt:** A weaker Rupee makes servicing external commercial borrowings (ECB) more expensive for Indian corporates.

## Conclusion

India's current external fragility stems from a combination of **geopolitical shocks** and **market psychology**. While short-term measures like import duties and moral suasion provide temporary breathing room, they do not address the structural dependence on imported energy and volatile foreign capital. Moving forward, the Reserve Bank of India (RBI) faces a tightrope walk: it must defend the Rupee to prevent "imported inflation" without hiking interest rates so aggressively that it stifles the post-war domestic recovery.

### UPSC Prelims Exam Practice Question

**Ques:** The term "Taper Tantrum" refers to:

- A. A sudden fall in government tax revenues
- B. Panic in financial markets caused by expectations of reduced monetary stimulus by the U.S. Federal Reserve
- C. RBI's reduction in repo rate during economic slowdown
- D. Decline in global oil production due to geopolitical tensions

**Ans:** B)

### UPSC Mains Exam Practice Question

**Ques:** India's external sector vulnerabilities are increasingly shaped by geopolitical uncertainty and expectation-driven capital flows. Examine the causes and consequences of capital flight from emerging economies like India. **(250 Words)**



**Page 10:GS III :Indian Economy / Prelims Exam**

The **PLFS 2025** report presents a nuanced picture of India's labor market: one of "directional improvement" overshadowed by "structural friction." While headline indicators like the **Unemployment Rate (3%)** and **Labour Force Participation Rate (59%)** suggest a robust recovery, the real story lies in the shifting nature of work—moving slowly from agriculture toward salaried manufacturing and services—and the persistent barriers facing women and the "NEET" (Not in Education, Employment, or Training) population.

**India's labour market shows gains, but challenges persist**

PLFS 2025 points to improving employment trends alongside structural gaps in skills and participation

Phalasha Nagpal

**E**very year, about 7-10 million young Indians enter the labour market. They are better educated than any generation before them – the average years of formal schooling for those aged 15 and above has reached 10 years nationally – and with hopes and expectations to match. This raises key questions: Can India's economy productively absorb the current generation of new workers, including youth and women? Under what conditions? And how can India ensure that its demographic potential translates into meaningful employment and economic growth?

The recently released Periodic Labour Force Survey (PLFS) 2025 report offers some key insights.

It points to measurable progress across several dimensions, while also underlining some challenges that must be addressed to fully leverage India's demographic dividend.

**Encouraging trends in employment**

The Labour Force Participation Rate stands at 59%, the Workforce Participation Rate at 57%, and the unemployment rate at 3%. These are robust headline indicators. Youth unemployment has declined since 2024, with gains for rural and urban youth. Monthly PLFS bulletins through 2025 also point to improving trends in women's participation. Female LFPR in rural areas rose across successive months through September 2025, reaching its highest level since May. These trends show a sustained and directional improvement across multiple survey rounds.

The quality of employment has also improved. The share of regular wage and salaried employment increased from 22% to 24%, with gains recorded for both men and women. Correspondingly, the share of self-employment declined from 58% to 56%. Since formal salaried employment is associated with higher earnings and access to social protection, this shift in the nature of employment is among the more

important signals in the 2025 data.

Wage trends reinforce this pattern, particularly for women. In regular salaried employment, female earnings grew by 7%, compared to 6% for men. In self-employment, female earnings rose by 9% against 8% for men, while in casual labour, women's wages increased by 5%, even as male wages largely remained unchanged.

At the same time, there remains scope to further narrow gender gaps in absolute earnings. Analysis of the data indicates that women earn about 76% of male wages in salaried work, around 69% in casual labour, and just 36% in self-employment. While disparities remain substantial, the shift towards salaried employment is beginning to offer more tangible economic gains for women.

Structural transformation is also creating better employment opportunities. Agriculture's share of employment has declined to 43%, while manufacturing and services have grown to around 12% and 13%, respectively.

Young people, particularly young women, are increasingly entering manufacturing and service sectors. Caste- and gender-based occupational segregation among younger cohorts is measurably lower than among older ones, reflecting the cumulative effects of expanded access to education and rising social mobility now beginning to translate into more inclusive labour market outcomes.

**Gaps in skills and job creation**

The first is the education-to-employment transition. India has significantly expanded tertiary education enrolment, making higher education more accessible across income groups. Yet gaps remain. For instance, between 2004 and 2023, roughly 5 million graduates entered the labour market annually, but only about 2.8 million secured employment of any kind.

Limited access to formal skills training also poses a challenge. Only 4% of individuals aged 15-59 have received formal vocational or technical training. Yet among those who have, workforce participation is substantially higher – 83% for men and 51% for women – underscoring the strong link between skills training and employment, which needs to be both harnessed and scaled up.

Another challenge lies in women's sustained workforce participation. While most men outside the labour force cited education as the primary reason, women pointed to childcare and household

responsibilities, revealing structural constraints rooted in the unequal distribution of unpaid work. For instance, urban self-employed men work approximately 17.5 hours more per week than women, and in regular salaried employment, the gap is about 7.9 hours per week, reflecting a persistent double burden of paid and unpaid labour that women experience disproportionately.

The fourth challenge is the NEET group. Around 25% of those aged 15-29 fall into this category. Moreover, these individuals are not counted in unemployment figures. Without timely intervention, this disengagement can lead to young people becoming detached from the workforce in the long term.

**The way forward**

The PLFS 2025 data points to a labour market that is moving in the right direction. However, translating these gains into meaningful and productivity-led economic growth will require more targeted interventions: scaling industry-relevant skills training, enabling women's workforce participation through gender-responsive interventions, and strengthening pathways to stable job employment with expanded social protection and a focus on green sectors. Targeted programmes like apprenticeships will also be crucial to re-engage NEET youth as active contributors to the economy.

(Phalasha Nagpal is Livelihoods and Gender Lead, Oxford Policy Management)

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**Positive Indicators: Signs of Formalization**

**1. Shift in Employment Quality**

The data signals a move toward formalization, which is critical for social security:

- **Regular Salaried Work:** Increased from **22% to 24%**. This is a vital metric as salaried jobs typically offer better stability and benefits compared to the "gig" or informal economy.
- **Decline in Self-Employment:** Dropped from **58% to 56%**, indicating that fewer people are engaging in "subsistence" self-employment out of necessity.

**2. Gender-Specific Gains**

- **Wage Growth:** Interestingly, female earnings grew faster than male earnings across all categories (Salaried: 7% vs 6%; Self-employed: 9% vs 8%).
- **Structural Entry:** Young women are increasingly bypassing traditional roles to enter the **manufacturing (12%)** and **services (13%)** sectors, reducing historical occupational segregation.

**3. Sectoral Transformation**

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Agriculture's share of employment has dipped to **43%**. While still high, the transition of workers into manufacturing and services is the classic "structural transformation" required for a developing economy to reach middle-income status.

## The "Demographic Chill": Persistent Challenges

### 1. The Tertiary Education Trap

There is a stark mismatch between degrees and jobs. While 5 million graduates enter the market annually, only **2.8 million (56%)** find employment. This highlights the "**Employability Gap**"—where candidates have certificates but lack the industry-relevant skills required by the modern economy.

### 2. The Vocational Training Deficit

Only **4%** of the workforce has received formal vocational training. However, the data proves training works: workforce participation jumps to **83% for men** and **51% for women** among those with technical skills. This underscores the need to scale the **National Skill Development Mission**.

### 3. The "Double Burden" on Women

Despite rising participation, women face a "time poverty" crisis:

- **The Hours Gap:** In salaried roles, men work nearly **8 hours more per week** than women, largely because women bear the disproportionate load of unpaid domestic work and childcare.
- **The Wage Gap:** In self-employment, women earn only **36%** of what men earn, often because their "businesses" are small-scale, home-based, or part-time.

### 4. The NEET Crisis

**25% of youth (15-29)** are neither in the workforce nor in the classroom. Because they aren't "actively looking for work," they aren't counted as "unemployed," making them a "**hidden**" **vulnerable group** at risk of long-term economic alienation.

## Strategic Recommendations for Policy

- **Gender-Responsive Infrastructure:** To sustain female LFPR, the state must invest in **public creches** and safe transport to alleviate the "unpaid work" constraint.
- **Apprenticeship-Led Growth:** To bridge the graduate employment gap, the government should incentivize **Apprenticeships** over traditional classroom-based vocational training to ensure "learning by doing."
- **Focus on Green Jobs:** As India transitions to net-zero, the "green sector" offers a unique opportunity to absorb the NEET population into new-age technical roles (Solar installation, EV maintenance).

## Conclusion

The PLFS 2025 results indicate that India is successfully navigating the "quantity" aspect of employment but struggling with "quality" and "equity." The demographic dividend is a time-bound window; unless the education-to-employment transition is fixed through **intensive skilling** and **structural support for women**, India risks a "demographic disaster" where a large, educated, but unemployed youth population leads to social friction rather than economic growth.

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**UPSC Prelims Exam Practice Question**

**Ques:** With reference to India's labour market trends highlighted in PLFS 2025, consider the following:

1. Regular salaried employment has increased.
2. Agriculture's share in employment has declined.
3. Female wage growth has lagged behind male wage growth across categories.

**Which of the statements given above is/are correct?**

- A. 1 and 2 only
- B. 2 only
- C. 1 only
- D. 1, 2 and 3

**Ans: A)**

**UPSC Mains Exam Practice Question**

**Ques:** The PLFS 2025 report reflects both progress and persistent structural challenges in India's labour market. Examine the major trends and suggest policy measures for inclusive employment generation. **(250 Words)**

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*The Iran war, India's strategic autonomy challenges*

**U**nited States President Donald Trump's tariff wars against friend and foe over the last year now pale in comparison to the upheaval created by the unprecedented Israeli-American attack on Iran and counterstrikes. For decades, India's stakes in a stable and friendly Tehran have been huge for energy security, geopolitical advantage, and space for strategic autonomy. If the Ukraine war tested India's foreign policy agility and independence, the Iran war is a generational challenge. The slew of economic and defence deals that India signed with European countries recently was popularly seen as a signal of major geo-economic and geopolitical shift in India's favour. In this new West Asian war scenario, it is already clear that deals with France and the European Union (EU) hardly give India a stronger hand.

**Strategic autonomy is difficult**

The 14 Rafale fighter jet purchase from France and the India-EU Free Trade Agreement (FTA) pointed to historic achievements. These surprisingly quick denouements (after 20 years of slow negotiations on the FTA and extended talks on the Rafales since 2016) were mostly rearguard actions against Mr. Trump's punishing tariffs. But New Delhi and some European countries such as France seemed to believe they were important steps toward a more distributed multipolar world order against American unilateralism. Washington's disregard for potentially catastrophic effects from the attack on Iran on global commerce and security are showing that U.S. unipolarity is holding fast.

Until Mr. Trump's coercive tariffs, New Delhi did not have to worry much about independence in economic policymaking. That is because unlike the post war American-led military order with the North Atlantic Treaty Organization (NATO) and Asian formal treaty alliances, Washington's liberal economic order tended to be open and inclusive, driven largely by market forces. The double whammy of economic and military unilateralism will now make it more difficult for countries such as India to exercise strategic autonomy.

President Trump is changing the economic system in ways that mirror the exclusivist military system. The U.S. government is increasingly demanding a greater alignment of the economic policies of other countries with American strategic interests. This is a fundamental break from the earlier practice and it threatens the entire post-Second World War liberal economic order. New Delhi has been able to pick and choose close economic tie-ups with the U.S.



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Despite the defence, commerce and trade deals, India needs to be aware of a possible European alignment with the United States

while, at the same time, keeping its distance from alliance politics. That had not stopped the U.S. from nurturing commercial ties with India in a big way since 2000. Indeed, the U.S. overtook China as India's largest trading partner in 2021-22. But note that China was at the top of India's economic partners even as U.S.-China relations were sharply declining. All this is to say that until very recently, economic and strategic relations could co-exist along competing trajectories.

For India and the U.S., a convergence of interests about a rising China had brought their relations to a level that appeared irreversible. Even as this meeting of the minds occurred, India's diversification of big power partnerships remained intact. India's ability to maintain good relations simultaneously with the U.S., Russia, China, Iran, Israel, Vietnam, and the major European powers – without taking strong sides, even under duress – is the clearest expression and exercise of strategic autonomy.

Mr. Trump's arbitrary demands to discontinue crude oil imports from Russia, forego the strategic partnership with Iran on Chabahar port, desist from even considering a de-dollarise option in BRICS, and clearly align with American geo-economic and geopolitical interests, pose the biggest challenge to India's strategic autonomy in decades. America's 30-day waiver for Russian oil purchases owing to energy supply chain disruptions came as a brief reprieve for India, yet on terms set by Washington. It was more than just an embarrassment for India when a U.S. submarine sank an Iranian naval ship (*IRIS Dena*) in the Indian Ocean that was returning from the Indian Navy's International Fleet Review 2026 naval exercise on March 4. India's image as the key regional naval power took a big hit.

**Deals with Europe have not eliminated risks**

India's FTA with the EU and historic Rafale fight jet deal with France are two developments that many interpreted as India trying to manage the new autonomy dilemma created by Mr. Trump. New Delhi chose French fighter jets over Russian and American jets with the hope that it would finally get the technology transfer and domestic production it has long sought. India is growing, and so is its military; it will keep buying, and France is locking itself into a huge commercial deal.

For India, while the spending is extremely high, it will not get a better deal with the U.S.; and it will not get a better performing fighter jet from Russia. In this geopolitical climate, this deal helps both India and France as they want to diversify partners and protect their strategic autonomy.

But there is some doubt about just how much tech is being transferred and the fact that source codes and algorithms will be under French control. This means that India will be wedded to the French for upgrades. This also could undercut India's 'Make in India' aspiration.

As for the FTA, we could see this in the context of Mr. Trump's economic assaults and a rushed attempt to save the idea of a liberal economic world order. But there are domestic political hurdles in India to overcome, from farmers and industrial workers who are a big electoral chunk. Moreover, France and the EU might be using commerce and trade now as a way to gain leverage over India. De-risking from Mr. Trump's uncertainties through the FTA has obviously not eliminated political or economic risks.

**America's long shadow**

What seems the flimsiest basis for strengthening strategic autonomy is the novel idea of a common perception of a new world order. Geopolitically speaking, India is much more in favour of global multipolarity than western countries. Europe (less France) tends to fall into line with the U.S. under pressure. At this particular moment of Mr. Trump's high-handedness with Europe, it is not surprising that Europe is turning to countries such as India. But historically they have followed the American lead.

U.S. Secretary of State Marco Rubio's speech at the Munich Security Conference in February 2026 made it clear that Europe and America belong together, casting it in common civilisational and identity terms which leaves the Global South out in the cold. He minced no words, openly whitewashing western colonial expansion and calling for a "western supply chain" to regain its position. This suggests that a new geo-economic alliance system of this sort would be hierarchical. The Global South seems to be less partners, more targets of competition. The standing ovation for Mr. Rubio from a supposedly critical European audience spoke volumes.

In this era of culture contests and tribalism, it is hard to see a natural affinity between Europe and India when the going gets tough. As the world remains shell shocked by the Iran war, it is clear that European states will effectively facilitate American and Israeli interests despite the display of reservations by pronouncements such as "not our war" on the West Asian conflict. In any new regional order that emerges, it is also clear that New Delhi will hardly be able to count on the Europeans for Indian strategic autonomy purposes.

**GS Paper II: International Relations**

**UPSC Mains Exam Practice Question:** The ongoing instability in West Asia has exposed the limitations of India's multi-alignment strategy. Critically examine in the context of India's strategic autonomy and energy security. **(250 Words)**

**Context :**

The eruption of a full-scale conflict involving Iran, Israel, and the United States represents a "generational challenge" for Indian foreign policy. While India has recently sought to hedge against American unilateralism by deepening ties with Europe—notably through the Rafale deal and the India-EU FTA—the

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# Daily News Analysis

escalating war reveals the limits of these partnerships. The crisis forces a re-evaluation of India's ability to maintain independent trajectories in energy security, regional connectivity, and defense.

## Key Challenges to Strategic Autonomy

### 1. The Weaponization of the Global Economic Order

Historically, India managed a "decoupled" strategy: aligning strategically with the U.S. on China while maintaining economic independence. Under the current U.S. administration, this boundary has collapsed:

- **Economic Unilateralism:** Washington now demands alignment of economic policies (e.g., stopping Russian oil, abandoning the Chabahar Port project) as a prerequisite for strategic partnership.
- **The Dollar Hegemony:** Efforts toward "de-dollarization" within BRICS face immense pressure, challenging India's ability to bypass Western financial sanctions.

### 2. Geopolitical Blows in the Indian Ocean

The sinking of the Iranian naval ship IRIS Dena by a U.S. submarine—immediately following its participation in India's International Fleet Review 2026—serves as a stark reminder of the constraints on India's regional leadership. It underscores that despite India's naval ambitions, the Indian Ocean remains a theater where external superpowers can act with impunity, potentially undermining India's image as a "Net Security Provider."

### 3. The "Europe Hedge" and its Limitations

India's pivot to France and the EU was intended to diversify risk, but the analysis suggests this may be insufficient:

- **Defense Dependency:** While the 114 Rafale deal provides advanced tech, the retention of source codes and algorithms by France creates a new form of "dependency" rather than true "Make in India" self-reliance.
- **The Munich Consensus:** Speeches by U.S. officials (e.g., Marco Rubio) suggesting a "Western-only supply chain" based on civilizational identity indicate that in a crunch, Europe is likely to align with Washington, leaving the Global South—including India—isolated.

## Impact on India's Vital Interests

Sector	Strategic Vulnerability
Energy Security	Escalation in the Persian Gulf threatens 80% of India's energy transit through the Strait of Hormuz.
Connectivity	The Iran war effectively freezes the International North-South Transport Corridor (INSTC) and the development of Chabahar, India's gateway to Central Asia.

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<b>Sector</b>	<b>Strategic Vulnerability</b>
<b>Defense Procurement</b>	Reliance on French tech and Russian spare parts becomes a liability if the two blocs move further apart.

**Strategic Analysis for UPSC**

- **The End of "Picking and Choosing":** The "multi-alignment" strategy that worked during the Ukraine crisis is under severe strain. Unlike Ukraine, the Iran war directly impacts India's immediate maritime neighborhood and its specific energy architecture.
- **The Identity Crisis in Global Order:** The shift toward a "hierarchical" Western supply chain threatens to relegate India to a "target of competition" rather than a "security partner," necessitating a stronger push for Strategic Autonomy 2.0—focusing on domestic resilience and South-South cooperation.

**Conclusion**

The Iran war demonstrates that "Strategic Autonomy" is not a static status but a constant struggle against unipolar pressure. Deals with Europe offer a temporary buffer but are not a substitute for a self-reliant defense base or a diversified energy basket. For India, the path forward involves a delicate balancing act: resisting the "civilizational" bloc-building of the West while protecting its core interests in West Asia and the Indian Ocean.

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