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Daily News Analysis

The Hindu Important News Articles For UPSC CSE

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Add- 21/B, Om Swati Manor Chs, J.K. Sawant Marg, Opp. Shivaji Natyamandir, Behind Cambridge Showroom, Dadar (West) Mumbai – 400028
Con.- 09820971345, 9619071345, 9223209699
G-mail-lakshyaacademymumbai@gmail.com

Page 06:GS III :Environment / Preliminary Examination

Recently, during the visit of UN Climate Change (UNFCCC) chief Simon Stiell to India, it was highlighted that the only practical solution to the technical and financial challenges of India's Energy Transition is the rapid expansion of Decarbonisation and Electrification. India achieving its target of 50% non-fossil fuel-based power capacity 5 years ahead of schedule and registering unprecedented growth in solar capacity proves that the adoption of clean energy is not merely a global climate commitment, but a path toward India's Self-Interest and economic sovereignty.

Core Analysis

(A) Technical Challenges: Grids & Storage

- **Intermittency of Solar and Wind Energy:** The sun shines only during the day and the wind does not blow continuously, making the maintenance of Grid Stability the biggest challenge.
- **Curtailment of Energy:** Currently, excess solar energy produced during peak daytime hours sometimes has to be intentionally wasted to balance the grid.
- **Dependence on Coal-based Power:** For uninterrupted 24/7 power supply (Baseload Power), India still has to rely on coal-based thermal energy during the night.
- **COP31 and Global Electrification Agenda:** Under the presidency of Turkey and Australia, the primary agenda for COP31 includes meeting 35% of global final energy demand through electrification by 2035. Grid modernization and Battery Energy Storage Systems (BESS) are primary necessities for this.

Clean energy push is answer to transition challenges faced by India, says UN climate chief

Jacob Koshy
NEW DELHI

India's main response to the technical and financial challenges of its energy transition lies in decarbonisation and electrification – steps that serve the country's own self-interest and are being backed by both public and private finance, the UN's top climate official said here on Tuesday.

Simon Stiell, Executive Secretary of UN Climate Change, was responding to questions from journalists after two days of talks with Indian Ministers and business leaders. The challenges India faces, he said, run "across a spectrum", from technical hurdles at one end to finance at the other.

On the technical side, Mr. Stiell pointed to (electric) "grids and storage". These were problems, he noted, that most major

Simon Stiell

economies advancing their energy transitions are grappling with. International cooperation could deliver common solutions, he said, adding that grids and storage sit at the heart of the electrification agenda that Turkiye and Australia, holding the COP31 presidency, have made a priority this year. The intermittent nature of solar and wind energy means that relying on coal power, which could be harnessed night or day, is crucial for India. On the other hand, this also means that the vast amount of solar power available during the day had to be intentionally wasted to keep the electric grid stable. The electrification agenda refers to a plan to ensure at least 35% of the total energy used globally is sourced from electricity, by 2035.

Finance marks the other end of that spectrum. Decarbonisation and electrification fall squarely within India's self-interest, and efforts are under way to mobilise both public and private money to support them, Mr. Stiell said. "India, like many developing countries, struggles in terms of finance for areas such as adaptation... So, the areas of climate finance are key and have been highlighted in our discussions," he added.

(B) Financial Challenges: Finance & Adaptation

- **Need for Private and Public Capital:** In Mitigation sectors—such as solar energy and EVs—private capital is being attracted due to Commercial Viability.
- **Adaptation Gap:** In the 'Adaptation' sector, which deals with flooding, drought, and extreme heat, private investment is negligible due to the lack of commercial returns, resulting in a severe shortage of public Climate Finance.

- **NCQG and Obligations of Developed Nations:** The new climate finance goal of $300 billion per year (by 2035) set at BAKU (COP29) must be fully provided by developed countries to meet the actual global requirement of $1.3 trillion.

(C) Clean Energy in India's Self-Interest

- **Energy Security and Foreign Exchange Savings:** India imports approximately 80–90% of its crude oil requirements. Fluctuations in the international market affect the economy; renewable energy saves billions of dollars in foreign exchange annually.
- **Public Health and Economic Productivity:** Reduced use of fossil fuels will lower urban air pollution, thereby reducing public health expenditure and boosting worker productivity.
- **Global Manufacturing Hub:** By expanding its Clean Tech, battery, and solar manufacturing capacity, India can lead the global Supply Chain.

Static Dimensions Related to UPSC

This topic is highly relevant for **UPSC Mains Paper 3 (Environment, Energy, and Economy)**:

(1) Constitutional & Legal Framework

- **Article 48A:** It is the duty of the State to protect and improve the environment.
- **Article 51A(g):** Protecting the natural environment is the Fundamental Duty of every citizen.
- **Energy Conservation (Amendment) Act, 2022:** Provisions have been made under this Act for the Carbon Credit Trading Scheme (CCTS) and the mandatory minimum use of non-fossil sources.

(2) National Targets

- **Panchamrit Targets (@ COP26):**
  - Achieving 500 GW of non-fossil energy capacity by 2030.
  - Reducing the Carbon Intensity of the economy by 45% by 2030.
  - Achieving Net-Zero emissions by 2070.
- **National Green Hydrogen Mission:** Production of 5 MMT of Green Hydrogen per year by 2030.
- **National Electricity Plan (NEP14):** Targeting over 68% share of non-fossil sources in India's total installed electricity capacity by the year 2031–32.

(3) International Mechanisms

- **UNFCCC & Paris Agreement (Article 6):** Operation of carbon markets and international cooperation.
- **International Solar Alliance (ISA):** 'One Sun, One World, One Grid' (OSOWOG) initiative led by India.
- **Global Biofuels Alliance (GBA):** Promoting the use of biofuels.

Way Forward

- **Emphasis on Grid Infrastructure and Battery Storage:** Scale up capital investment in Pumped Storage Hydro (PSP) and Battery Energy Storage Systems (BESS) to store surplus solar energy generated during the day for night use.
- **Climate Finance and Blended Finance:** Utilize international Blended Finance models alongside public funds for Adaptation projects.
- **Digital Public Infrastructure (DPI) and Smart Grids:** Use AI and digital technologies for Real-time Grid Management.
- **Just Transition:** Reskill workers and create alternative livelihoods in coal-dependent states (such as Jharkhand and Odisha) to prevent rising social inequality.

Conclusion

Simon Stiell's statement that "India's clean energy push is in its own self-interest" clarifies that climate action is no longer a moral compulsion or external pressure for India; rather, it is a foundational pillar of economic growth, energy self-reliance, and public health. If India successfully expands its grid-storage capacities in a timely manner and effectively utilizes international Climate Finance, it will not only achieve its 'Net-Zero' target by 2070 but will also emerge as an exemplary model for developing nations.

UPSC Prelims Exam Questions

Question:Which of these is an example of "Climate Adaptation"?

1. Construction of flood-resistant infrastructure.

2. Setting up solar power plants.

3. Development of drought-resistant seeds.

4. Coastal protection projects.

Select the correct answer—

(a) 1, 3, and 4 only

(b) 2 and 3 only

(c) 1 and 2 only

(d) 1, 2, 3, and 4

Ans: a**)**

UPSC Mains Practice Questions

Question: Evaluate the role of green hydrogen, battery manufacturing, clean energy, and e-mobility in India's strategy against climate change. Does India possess the potential to become a global clean energy manufacturing hub? Substantiate your answer with arguments.**(10 Marks, 150 Words)**

Page 07:GS III :Environment/ Preliminary Examination

The conditional approval of a 1,200 MW hydroelectric power project in the Lohit River Basin of Arunachal Pradesh has posed a severe threat to the existence of one of India's rarest and most endangered birds — the White-bellied Heron (Ardea insignis). Involving the felling of over 33,000 trees and the alteration of the riverine ecosystem, this project could not only lead to the local extinction of this highly sensitive species, but it also raises major questions regarding the Environmental Impact Assessment (EIA) processes, data omissions, and the effectiveness of compensatory afforestation.

Core Analysis

(A) White-bellied Heron and Its Specific Ecosystem

- **Extremely Rare and Endangered Status:** It is one of the rarest birds in the world, classified as 'Critically Endangered' on the IUCN Red List and placed under Schedule I of India's Wildlife Protection Act, 1972.
- **Habitat Specificity:** Standing nearly 4 feet tall, this bird resides exclusively in fast-flowing, unpolluted rivers and their adjacent riparian mature forests. It completely avoids human disturbance (anthropogenic disturbance).
- **Limited Population in India:** The total population of this bird in India remains between just 6 to 9 individuals, concentrated in the Noa-Dihing, Lam, and Lohit rivers. The Lohit River Basin harbors 70% of India's White-bellied Heron population.

India's rarest heron faces a silent end as new dam ignores its home

Once the dam in the Lohit river basin is built, it could alter the water's turbidity and flow, and lead to the local extinction of white-bellied herons; the bird was first described in 1878 based on specimens from the Teesta region, the species does not occur there today; in fact, it has been 'critically endangered' since 2007

Aditya Ansh

The white-bellied heron (*Ardea insignis*) is amongst the world's most elusive birds, nesting along fast-flowing rivers lined with old growth forests.

"India has a population of six to nine individuals distributed in three rivers: Noa-Dehing River, Lahm River and Lohit River," Yumlam Benjamin Bida, project manager, Ashoka Trust for Research in Ecology and the Environment, Bengaluru, said. "Out of these three rivers, Lahm is a tributary of the Lohit River and the river basin harbours 70% of India's white-bellied herons."

Yet on the Lohit, the Forest Advisory Committee under the Union Environment Ministry has granted in-principle clearance to a 1,200-MW hydroelectric power project that will fell more than 33,000 trees. The environmental impact assessment for the project also omitted white-bellied herons.

Borrowed time

"White-bellied herons have a very unique foraging strategy due to their huge body size" – up to around four-feet-tall, Mr. Bida said. "They hunt in shallow water and their dietary composition is only fish. They wait for the fish to come near and then strike it."

He added that the dam, once it is built, will alter the water's turbidity and flow, which could lead to the bird's "local extinction".

In 1878, the British ornithologist and naturalist Allan Octavian Hume first scientifically described the white-bellied heron based on specimens from the Teesta region in eastern India. The species is not known to occur there today.

According to Mr. Bida, it is not unknown for substantial changes in river conditions to lead to highly specialised species vanishing from that landscape.

Also, "The riparian mature forest plays a critical role for white-bellied herons, both for rooting and nesting. The hydroelectric power project will clear the mature riparian forest and let it get submerged, impacting the breeding of the species."

'No human disturbance'

White-bellied herons are in Schedule I of the Wildlife Protection Act of 1972, thus enjoying the highest level of legal protection. Even so, their range and population have declined significantly in the last century.

A 2019 review by the Tropical Resources Institute recorded the birds in parts of Sikkim, Nepal, Bhutan, and Myanmar at the beginning of the 20th century. Today, they are restricted to pockets of Arunachal Pradesh, Bhutan, and Myanmar.

"The white-bellied heron is known to inhabit Himalayan river systems up to elevations of about 1,500m above sea level," Murali Krishna, a wildlife ecologist who has worked extensively in the Eastern Himalaya, said.

"Based on my several years of observation in Arunachal Pradesh, the species appears to avoid even minimal anthropogenic disturbance and usually uses tall trees for nesting, in those areas where there is no human disturbance."

Overlooked in assessment

The project is being developed by Tehri Hydro Development Corporation India, Ltd. in partnership with the Arunachal Pradesh government. Its environmental impact assessment was prepared by WAPCOS, Ltd, a consultancy firm under the Ministry of Jal Shakti.

Although the Lohit River basin harbours most of these birds in India, the species did not feature in the project's impact assessment. According to the minutes of the Forest Advisory Committee meeting on December 19, 2025, State officials told the committee the birds had not been included because they had not been recorded within the project's diversion area.

The project also faced sustained opposition from local communities. Roshman Tawsik, resident of the Nukung Village and president of the District Congress Party Committee, said residents opposed the project since it was first proposed in 2008. "We do not want to sacrifice so much of our land and watch it getting submerged," he said.

During a public hearing in August 2025, community members questioned the reliability of the baseline data WAPCOS used in its assessment and said the draft assessment did not accurately reflect local realities. One participant noted that important flora and fauna, including a medical plant, had been excluded. Mr. Tawsik also criticised the report for not documenting the tribe's cultural practice of using natural indicators.

The draft also left out the affected villages of Nukung and Mla as well as the amended social impact assessment.

Ecological complexity

The Committee's consent will allow for compensatory afforestation in 51 patches of land in Madhya Pradesh, over a thousand kilometres away from the Lohit River basin. "Natural forests are highly complex ecological systems that develop over long periods through interactions of climatic, edaphic, and biotic factors, and hence cannot be fully recreated through human interventions," Mr. Krishna said.

"The Eastern Himalayas are highly complex due to their topography, climatic variability and diverse forest types, and they form part of a global biodiversity hotspot," he added. So developmental interventions require "careful planning and a strong ecological understanding", and authorities must "move from region specific impact and look into impact at a broader level".

"For a species like white-bellied herons, ... there should be a basin-level approach, which entails assessing Lohit basin as one connected habitat, rather than looking at the site in isolation while assessing impacts on nesting, roosting, and feeding areas for white-bellied herons," Mr. Bida said.

Imon Abedin, a field biologist with Aaranyak, an environmental protection organisation, also said the species faces multiple pressures, including changes in river courses, removal of large river boulders, unregulated tourism, fish poisoning, sand extraction, and pollution.

As a result, "there is often no clear roadmap to adequately compensate for its ecological impacts, especially for species like the white-bellied herons that already exist in extremely precarious conditions."

Mr. Krishna said he believes conservation planning needs to move beyond its narrow focus on charismatic wildlife, like tigers and elephants, and adopt a more informed approach that would treat conservation efforts "like on a war-footing" and giving rare species like white-bellied herons the same level of urgency afforded to better-known conservation priorities.

(Aditya Ansh is an independent media writer in New Delhi. adityaansh30@gmail.com)

A white-bellied heron in Arunachal Pradesh. 'White-bellied herons have a very unique foraging strategy due to their huge body size' — up to around four-feet-tall. 'They hunt in shallow water and their dietary composition is only fish.' RAJKIMAR99 (CC BY-SA)

> For a species like white-bellied herons, ... there should be a basin-level approach, which entails assessing Lohit basin as one connected habitat, rather than looking at the site in isolation while assessing impacts.
>
> YUMLAM BENJAMIN BIDA
> Project manager at Ashoka Trust for Research in Ecology and the Environment

THE GIST

- India has a population of six to nine white-bellied herons distributed in three rivers: Noa-Dehing River, Lahm River and Lohit River
- On the Lohit, the Forest Advisory Committee under the Union Environment Ministry has granted in-principle clearance to a 1,200-MW hydroelectric power project that will fell more than 33,000 trees
- However, the white-bellied herons did not feature in the project's impact assessment drawing criticism from conservationists

- **Specialized Feeding Strategy:** The bird hunts fish exclusively in shallow waters. The construction of a dam will alter the river's flow, depth, and turbidity, thereby destroying its ability to forage for food.

(B) Development Project and EIA Shortcomings

- **Omission of the Flagship Species:** The EIA report prepared by WAPCOS made no mention of this critically endangered bird. State officials argued that the bird was not recorded within the project's diversion area, highlighting a lack of a basin-level approach.

- **Resistance from Local Communities:** The voices of affected villages like Nukung and Mla, along with their concerns regarding cultural traditions, medicinal plants, and land submergence, were ignored in the initial EIA report and Social Impact Assessment.

- **Logical Fallacy of Compensatory Afforestation:** To compensate for the destruction of natural forests in the Lohit Valley, permission was granted to plant trees over 1,000 km away in Madhya Pradesh. The Himalayan ecosystem is extremely complex and cannot be replicated through artificial plantations in Central India.

(C) Policy and Statutory Flaws

- **Charismatic vs. Neglected Species:** Conservation policies in India primarily focus on large 'charismatic' species like tigers or elephants, while subtle/rare species like the heron fall victim to infrastructural development.

- **Isolated Approach:** Projects are evaluated solely based on the micro-area of the construction site (site-specific) rather than considering the broader ecosystem of the entire river basin (basin-wide impact).

Static Dimensions Related to UPSC

This topic is extremely important for **UPSC Mains Paper 3 (Environment, Biodiversity, and Disaster Management)**:

(1) Constitutional & Legal Framework

- **Article 48A:** Directs the State to protect and improve the environment and to safeguard the forests and wildlife of the country.

- **Article 51A(g):** Mandates that it shall be the duty of every citizen to protect and improve the natural environment including forests, lakes, rivers, and wildlife.

- **Environment Protection Act, 1986 (EPA):** Under this Act, the Environmental Impact Assessment (EIA) notification is issued.

- **Wildlife Protection Act, 1972:** The White-bellied Heron enjoys the highest legal protection under Schedule I.

(2) International Frameworks

- **IUCN Status:** The White-bellied Heron is classified under the Critically Endangered (CR) category.
- **CITES:** Included in the appendices to protect it from international trade.
- **Convention on Biological Diversity (CBD):** The Kunming-Montreal Global Biodiversity Framework (Target 3 - 30x30 target) emphasizes the protection of biodiversity hotspots.

(3) Biodiversity Hotspots

- **Eastern Himalayas:** This region is one of the world's major biodiversity hotspots, known for high species endemism and extreme sensitivity.

Way Forward

- **Basin-level Strategic EIA:** Hydroelectric projects should be evaluated not merely based on the project site, but on the impacts on the entire river basin and its ecosystem.
- **Accountability and Quality Enhancement in EIA Processes:** Baseline data prepared by consulting agencies (such as WAPCOS) must undergo rigorous review (peer review) by independent experts and local communities.

- **Species-Specific Action Plans:** On the lines of tigers/elephants, an emergency-level "Species Recovery Programme" should be launched for critically endangered species like the White-bellied Heron.
- **Ecologically Relevant Compensatory Afforestation:** Under CAMPA, tree plantation should occur in the same geographical and ecological zone where deforestation is taking place, rather than thousands of kilometers away in a completely different climatic region.
- **Inclusion of Local Communities:** The traditional knowledge of tribal and local populations must be made an integral part of EIA and conservation strategies.

Conclusion

The 1,200 MW hydroelectric project in the Lohit River Valley and the crisis of the White-bellied Heron exemplify how India's development model is overlooking biodiversity. Generating clean and renewable energy (hydroelectricity) is undoubtedly important, but it should not come at the cost of the complete extinction of a rare species. India must adopt a balanced approach between infrastructure needs and ecological integrity, prioritizing long-term 'ecosystem-based' policies over 'site-specific' development.

UPSC Prelims Practice Questions

Question: Consider the following statements—

1. The Eastern Himalayas constitute a global biodiversity hotspot.

2. Biodiversity hotspots are characterized by both high endemism and high levels of threat.

Select the correct answer—

(a) 1 only

(b) 2 only

(c) Both 1 and 2

(d) Neither 1 nor 2

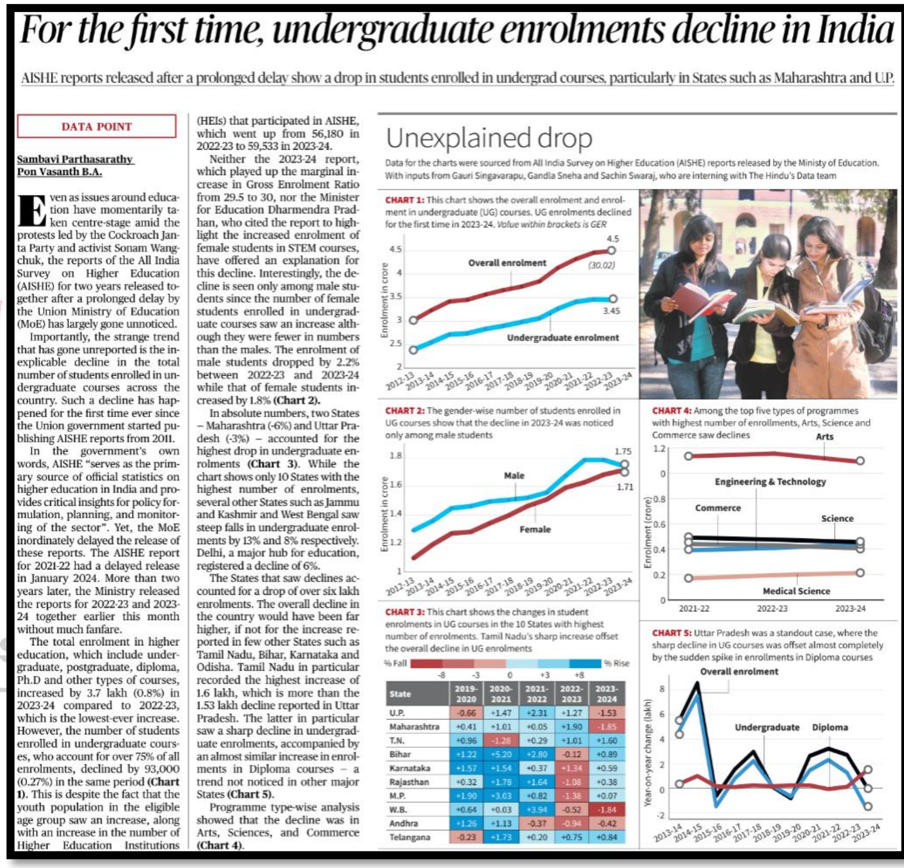
Ans: c)

UPSC Mains Practice Questions

Question: Analyze the key limitations of the current Environmental Impact Assessment (EIA) framework. What improvements are necessary within it for the conservation of rare and endangered species? **(10 Marks, 150 Words)**

Page 09 :GS II :Social Justice / Preliminary Examination

Recently, the 'All India Survey on Higher Education' (AISHE) 2022-23 and 2023-24 reports released by the Ministry of Education (MoE) have highlighted an unprecedented and alarming trend in the Indian higher education sector. For the first time since the inception of AISHE in 2011, a decline in enrollment at the Undergraduate (UG) level has been recorded in the country. At a time when both India's eligible youth population and the number of higher educational institutions are increasing, this decline in UG enrollments raises serious question marks over the country's human capital formation and the leveraging of its 'Demographic Dividend'.



For the first time, undergraduate enrolments decline in India

AISHE reports released after a prolonged delay show a drop in students enrolled in undergrad courses, particularly in States such as Maharashtra and U.P.

DATA POINT

Sambavi Parthasarathy
Pon Vasanth B.A.

Even as issues around education have momentarily taken centre-stage amid the protests led by the Cockroach Janta Party and activist Sonam Wangchuk, the reports of the All India Survey on Higher Education (AISHE) for two years released together after a prolonged delay by the Union Ministry of Education (MoE) has largely gone unnoticed.

Importantly, the strange trend that has gone unreported is the inexplicable decline in the total number of students enrolled in undergraduate courses across the country. Such a decline has happened for the first time ever since the Union government started publishing AISHE reports from 2011.

In the government's own words, AISHE "serves as the primary source of official statistics on higher education in India and provides critical insights for policy formulation, planning, and monitoring of the sector". Yet, the MoE inordinately delayed the release of these reports. The AISHE report for 2021-22 had a delayed release in January 2024. More than two years later, the Ministry released the reports for 2022-23 and 2023-24 together earlier this month without much fanfare.

The total enrolment in higher education, which include undergraduate, postgraduate, diploma, Ph.D and other types of courses, increased by 3.7 lakh (0.8%) in 2023-24 compared to 2022-23, which is the lowest-ever increase. However, the number of students enrolled in undergraduate courses, who account for over 75% of all enrolments, declined by 93,000 (0.27%) in the same period **(Chart 1)**. This is despite the fact that the youth population in the eligible age group saw an increase, along with an increase in the number of Higher Education Institutions (HEIs) that participated in AISHE, which went up from 56,180 in 2022-23 to 59,533 in 2023-24.

Neither the 2023-24 report, which played up the marginal increase in Gross Enrolment Ratio from 29.5 to 30, nor the Minister for Education Dharmendra Pradhan, who cited the report to highlight the increased enrolment of female students in STEM courses, have offered an explanation for this decline. Interestingly, the decline is seen only among male students since the number of female students enrolled in undergraduate courses saw an increase although they were fewer in numbers than the males. The enrolment of male students dropped by 2.2% between 2022-23 and 2023-24 while that of female students increased by 1.8% **(Chart 2)**.

In absolute numbers, two States – Maharashtra (-6%) and Uttar Pradesh (-3%) – accounted for the highest drop in undergraduate enrolments **(Chart 3)**. While the chart shows only 10 States with the highest number of enrolments, several other States such as Jammu and Kashmir and West Bengal saw steep falls in undergraduate enrolments by 13% and 8% respectively. Delhi, a major hub for education, registered a decline of 6%.

The States that saw declines accounted for a drop of over six lakh enrolments. The overall decline in the country would have been far higher, if not for the increase reported in few other States such as Tamil Nadu, Bihar, Karnataka and Odisha. Tamil Nadu in particular recorded the highest increase of 1.6 lakh, which is more than the 1.53 lakh decline reported in Uttar Pradesh. The latter in particular saw a sharp decline in undergraduate enrolments, accompanied by an almost similar increase in enrolments in Diploma courses – a trend not noticed in other major States **(Chart 5)**.

Programme type-wise analysis showed that the decline was in Arts, Sciences, and Commerce **(Chart 4)**.

Unexplained drop

Data for the charts were sourced from All India Survey on Higher Education (AISHE) reports released by the Ministy of Education. With inputs from Gauri Singavarapu, Gandla Sneha and Sachin Swaraj, who are interning with The Hindu's Data team

CHART 1: This chart shows the overall enrolment and enrolment in undergraduate (UG) courses. UG enrolments declined for the first time in 2023-24. *Value within brackets is GER*

CHART 2: The gender-wise number of students enrolled in UG courses show that the decline in 2023-24 was noticed only among male students

CHART 3: This chart shows the changes in student enrolments in UG courses in the 10 States with highest number of enrolments. Tamil Nadu's sharp increase offset the overall decline in UG enrolments

% Fall -8 -3 0 +3 +8 % Rise

State	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
U.P.	-0.66	+1.47	+2.31	+1.27	-1.53
Maharashtra	+0.41	+1.01	+0.05	+1.90	-1.85
T.N.	+0.96	-1.28	+0.29	+1.01	+1.60
Bihar	+1.22	+5.20	+2.80	-0.12	+0.89
Karnataka	+1.57	+1.54	+0.37	-1.34	+0.59
Rajasthan	+0.32	+1.78	+1.64	-1.08	+0.38
M.P.	+1.90	+3.03	+0.82	-1.38	+0.07
W.B.	+0.64	+0.03	+3.94	-0.52	-1.84
Andhra	+1.26	+1.13	-0.37	-0.94	-0.42
Telangana	-0.23	+1.73	+0.20	+0.75	+0.84

CHART 4: Among the top five types of programmes with highest number of enrollments, Arts, Science and Commerce saw declines

CHART 5: Uttar Pradesh was a standout case, where the sharp decline in UG courses was offset almost completely by the sudden spike in enrollments in Diploma courses

Core Analysis

(A) Key Figures of Unprecedented Decline in Enrollments

- **Decline in Total UG Enrollment:** Compared to 2022-23, the number of students enrolled in UG courses (which account for more than 75% of total higher education) in 2023-24 recorded a net decline of approximately 93,000 (0.27%).
- **Gender Disparity in Trend:**
  - The decline at the UG level is mainly observed in the enrollment of male students, which saw a reduction of 2.2%.

- In contrast, female student enrollment increased by 1.8% (especially in STEM subjects), although in terms of absolute numbers, they still lag behind males.

- **Discipline-wise Impact:** This decline has been most prominent in traditional streams—Arts, Science, and Commerce.

(B) Regional/State-wise Trends and Disparities

- **States with Maximum Decline:**
  - Numerically, the largest declines were recorded in Maharashtra (-6%) and Uttar Pradesh (-3%).
  - In percentage terms, sharp declines occurred in Jammu and Kashmir (-13%), West Bengal (-8%), and Delhi (-6%), a major education hub.
- **Shift Towards Diploma Courses:** A unique trend was observed in Uttar Pradesh, where the decline in UG courses (approx. 1.53 lakh) was matched by a corresponding increase in diploma course enrollments. This indicates a shift among students toward shorter-duration, job-oriented courses.
- **Balancing States:** The overall national decline was partially offset by growth in southern and eastern states such as Tamil Nadu (+1.6 lakh), Bihar, Karnataka, and Odisha.

(C) Potential Causes and Implications

- **Employability Concerns:** The inability to secure quality employment in the market even after obtaining traditional degrees (BA, B.Sc, B.Com) is discouraging students from pursuing higher education.
- **Shift Towards Skill Development/Cheaper Alternatives:** Students are moving away from long traditional degrees toward vocational courses, short-term skilling programs, and diplomas so they can start earning sooner.
- **Economic Strain:** Post-pandemic economic challenges have forced many youth to enter the workforce (Gig Economy / Informal Sector) earlier.

Static Dimensions Linked to UPSC

This topic is highly relevant for UPSC Mains Paper 2 (Social Justice - Education & Human Resources) and Paper 3 (Indian Economy & Employment):

(1) Constitutional & Policy Framework

- **Article 41:** Right to work, to education, and to public assistance (Directive Principles of State Policy).
- **National Education Policy (NEP) 2020 Target:** Achieving a 50% Gross Enrolment Ratio (GER) in higher education by 2035 (currently at ~30%).
- **Multiple Entry and Exit System:** This provision under NEP 2020 allows students to exit with a diploma or certificate alongside an Academic Bank of Credits (ABC) mid-way through their studies.

(2) Institutional Mechanisms

- **AISHE (All India Survey on Higher Education):** Conducted by the Ministry of Education since 2011, providing primary official data for policy formulation.
- **UGC (University Grants Commission):** Regulation and funding of higher education standards.
- **NSQF (National Skills Qualifications Framework):** A framework integrating general education and vocational education.

Way Forward

- **Integration of Skill with Traditional Degrees:** Move beyond purely theoretical knowledge and connect UG degrees with practical skills, internships, and industry-aligned curricula.
- **Timely Publication of Data:** Ensure timely and delay-free publication of critical surveys like AISHE to address policy mismatches in a time-bound manner.
- **Regional and Gender-Specific Interventions:** Conduct micro-level studies on the reasons for declining UG enrollment in major states like Uttar Pradesh and Maharashtra, and formulate targeted policies to prevent dropouts among male youth.
- **Parity Between Vocational and Traditional Education:** Create clear and seamless lateral entry pathways into higher degrees for students pursuing diploma and vocational courses.

Conclusion

The decline in undergraduate enrollments highlighted in the AISHE report serves as a 'wake-up call' for India's higher education sector. Achieving the target of 50% GER by 2035 under NEP 2020 will not be possible merely by increasing the number of institutions, but by making degrees relevant, affordable, and employment-oriented. If India wishes to harness its Demographic Dividend, it must bridge the gap between educational quality and youth employability without delay.

UPSC Prelims Exam Study Questions

Question: What is the primary objective of the National Skills Qualification Framework (NSQF)?

(a) To regulate only ITI institutions

(b) To establish coordination between general education and vocational education

(c) To evaluate only private universities

(d) To permit foreign universities in India

Ans:b)

UPSC Mains Exam Study Questions

Question: The decline in undergraduate enrollment highlighted in the AISHE report reflects the emerging challenges facing India's higher education system. Analyze the key reasons behind this decline.**(10 Marks, 150 Words)**

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Recently, a new and updated series of the Index of Core Industries (ICI) has been released by the Central Government. Under this, along with changing the base year of the index, comprehensive revisions have been made to the included sectors, weightage, and calculation methodologies. This updated ICI aligns with other recently revised national indicators such as Gross Domestic Product (GDP), Gross Value Added (GVA), inflation, and the Index of Industrial Production (IIP), thereby presenting a more accurate picture of the country's industrial growth.

India's ICI gets an updated series: what has changed?

The Centre has released a revised series of the ICI, updating the base year, sectoral coverage and weights. Here is what has changed and what it means for industrial growth

T.C.A. Sharad Raghavan

The story so far:

The Union Government has released an updated series of its Index of Core Industries (ICI), which is a key measure of how the main industrial sectors in India's economy are doing. This update now brings the ICI on a par with other recently updated metrics such as the national accounts (Gross Domestic Product and Gross Value Added), inflation, and the Index of Industrial Production (IIP).

What are the key changes in the new ICI series?

The previous ICI had a base year of 2011-12, which was significantly outdated. So, the first major update of the new series of the index was to bring forward the base year to 2022-23. This makes the data more reflective of current reality, and thus makes it a more useful gauge of industrial activity.

The second major change was to increase the number of sectors covered to nine from the previous eight. The eight sectors earlier covered were coal, crude oil, natural gas, refinery products, steel, cement, electricity, and fertilizers.

Now, the government has said that owing to the intensive use of iron ore in industrial production, it has been added to the list of core industries.

Other sectoral changes include calculating steel production on a gross output basis rather than a net output basis so as to bring this in line with the IIP, which is the other major industrial production metric.

In the coal sector, the updated series will only measure raw coal, and has excluded middling and washed coal. This change was made to eliminate the double counting that occurred in the previous series, as both middling and washed coal are made using raw coal.

Which sectors have gained or lost weight in the new ICI?

The inclusion of the iron ore sector and the resultant increase in the total number of sectors to nine would naturally lead to a redistribution of the weights among the sectors. Further, according to the government, it has revised the weights in the new series of the ICI to reflect the weights of the same sectors in the IIP.

Both of these factors have led to a significant redistribution of weights among the sectors of the ICI. The newly added iron ore sector has been assigned a weight of 4.905% in the index, leaving that much less of the total share to be distributed among the other sectors.

The coal sector has seen a big downward revision in its significance, with its weight coming down from 10.33% to 5.596%. The natural gas sector, too, saw a major downward revision from 6.88% to 3.841%. Refinery products saw its weightage reduced from 28.04% to 22.572%.

Some sectors increased in significance. The electricity sector, for example, now makes up 30.932% of the entire index, up from the earlier 19.85%. The fertilizers sector saw its weightage increase marginally to 2.731% from 2.63%.

Have these revisions changed the final growth picture?

There is certainly a difference in the data output generated from the old series and the new series for the same periods of time. However, these variations become smaller when scaled up over time and as you move further back. That is, while the May 2026 growth of the ICI has been revised from 0.5% as per the old series to 3.2% in the new series, the full-year growth for 2025-26 was only revised from 1.1% to 1%.

Hence, just because the series has been updated, it does not mean the industrial growth picture has radically changed.

THE GIST

- The Union Government has released an updated series of its Index of Core Industries (ICI), which is a key measure of how the main industrial sectors in India's economy are doing
- This update now brings the ICI on a par with other recently updated metrics such as the national accounts Changes include bringing forward the base year and increasing the number of sectors covered

Core Analysis

(A) Major Changes Made in the New Series

- **Base Year Shift:**
  - The old base year 2011-12 has now been changed to 2022-23. This will allow the index to better represent the current realities and priorities of the economy.
- **Inclusion of 9th Sector:**
  - Previously, it included 8 sectors: Coal, Crude Oil, Natural Gas, Refinery Products, Steel, Cement, Electricity, and Fertilizers.
  - Now, considering its intensive use in industrial production, **'Iron Ore'** has been added as the 9th core industry.
- **Methodological Rationalisation:**

- **Coal Sector:** To eliminate double counting, only raw coal will now be measured; 'middling' and 'washed' coal have been excluded.
- **Steel Sector:** In line with IIP standards, the calculation of steel production will now be based on **'Gross Output'** instead of **'Net Output'**.

(B) Shift in Weights of Core Sectors

The inclusion of iron ore and alignment with the IIP have brought significant changes to the weights of various sectors:

- **Newly Included Sector:**
  - **Iron Ore:** It has been assigned a weight of 4.905%.
- **Gainers (Sectors with Increased Weight):**
  - **Electricity:** Its weight increased from 19.85% to 30.932% (the largest share).
  - **Fertilizers:** Its weight marginally increased from 2.63% to 2.731%.
- **Losers (Sectors with Decreased Weight):**
  - **Refinery Products:** Decreased from 28.04% to 22.572%.
  - **Coal:** Decreased from 10.33% to 5.596%.
  - **Natural Gas:** Decreased from 6.88% to 3.841%.

(C) Impact on Industrial Growth Data

- **Short-Term vs. Long-Term Impact:**
  - At the monthly level, differences have been observed between the new and old series data (for example, the growth rate for May 2026 increased from 0.5% in the old series to 3.2% in the new series).
  - However, on a long-term or full financial year basis, there is no revolutionary change in the overall industrial growth rate (for example, the annual growth rate for 2025-26 was revised only from 1.1% to 1.0%).

Static Dimensions Related to UPSC

This topic is important for **UPSC Mains Paper 3 (Indian Economy and Industrial Growth)**:

(1) Core Industries and Index (ICI Overview)

- **Definition:** Core industries are the foundational or infrastructure sectors that serve as raw materials or inputs for all other industrial sectors of the economy.

- **Contribution to IIP:** This index covers more than 40% of the total weight of the Index of Industrial Production (IIP).
- **Issuing Body:** It is compiled and released on a monthly basis by the Office of the Economic Advisor (DPIIT) under the Ministry of Commerce and Industry.

(2) IIP and System of National Accounts

- **IIP (Index of Industrial Production):** It is released by the National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI).
- **Importance of Base Year Revision:** Periodically changing the base year is essential to reflect technology, consumer preferences, and the emergence of new industries in the economy (such as renewable energy, tech-smart manufacturing).

Way Forward

- **Harmonisation of Data:** The base years of inflation (CPI/WPI), GDP, IIP, and ICI should be aligned within a uniform timeframe so that policymakers receive comprehensive and consistent economic data.
- **Inclusion of Supply Chains and New Technologies:** In the future, emerging sectors such as renewable energy, critical minerals, and semiconductor manufacturing should also be considered for inclusion in industrial indicators.
- **Timely Data Disclosure:** Maintaining transparency and speed in data compilation is essential so that investors and the government can make decisions based on accurate evidence.

Conclusion

This revision made in the ICI series is a positive and necessary step towards a realistic assessment of the Indian economy. The increasing weight of electricity and the inclusion of iron ore clearly indicate that the country's economic structure is rapidly moving towards infrastructure and electrification. The new ICI with the base year 2022-23 will provide policymakers and analysts with more reliable data, helping in the formulation of more accurate economic policies.

UPSC Prelims Exam Study Questions

Ques: Which of the following is not a core industry?

(a) Fertilizers

(b) Steel

(c) Textiles

(d) Cement

Ans: c)

UPSC Mains Exam Study Questions

Ques: What is the significance of the Index of Core Industries (ICI) in the Indian economy? Explain in the light of recent revisions.**(10 Marks, 150 Words)**

Page 12 :GS II &III :International Relations and Indian Economy / Preliminary Examination

The ongoing global geopolitical tensions and conflicts (such as the West Asia crisis and the Russia-Ukraine conflict) are no longer confined to the security framework; they have also impacted India's economic diplomacy and trade negotiations. India's ongoing Free Trade Agreement (FTA) negotiations with three key regions — the Gulf Cooperation Council (GCC), Israel, and the Eurasian Economic Union (EAEU) — are being delayed due to security concerns and geopolitical uncertainties. These three trade agreements jointly cover more than $243 billion in annual trade, which accounts for nearly 20% of India's total global trade.

Global wars delaying FTA negotiations

The deals facing various degrees of delays include separate free trade agreements with the Gulf Cooperation Council countries, Israel, and the Russia-led Eurasian Economic Union, cumulatively accounting for about $243 billion worth of trade for India, or about 20% of its total trade

T.C.A. Sharad Raghavan
NEW DELHI

The ongoing wars in the world have led to varying degrees of delays in the negotiations of at least three separate trade deals that India is working on, sources in the government have confirmed.

These deals involve countries that cumulatively account for about 20% of India's total trade.

These negotiations are on separate FTAs with the Gulf Cooperation Council (GCC) countries, Israel, and the Russia-led Eurasian Economic Union.

"The GCC team had come to Delhi for the signing of the Terms of Reference (ToR) of the deal and so it is our turn to go there for the round of negotiation," a senior official in the Ministry of Commerce and Industry told *The Hindu*. "But with all this happening [the ongoing war in West Asia], that visit is pending."

Commerce Minister Piyush Goyal and the Secretary General of the GCC, Jasem Mohamed Albudaiwi, on February 24, 2026, formally launched negotiations for a free trade agreement (FTA) between India and the GCC countries – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

However, later that month, the U.S. launched its attack on Iran.

As a result, the first round of negotiations is yet to take place.

"This FTA is of particular importance for India not just as a strategic one, but also because of access," the official said. "It will mean that any one of the ports of the GCC countries will give Indian exporters access to all the other countries."

The negotiations regarding the India-Israel FTA, too, are facing similar delays. The ToR for the deal was signed in Tel Aviv in November 2025 by Mr. Goyal and Israel's Economy Minister Nir Barkat. The first round of negotiations took place in February 2026 in New Delhi and the second round was to be in May in Tel Aviv.

However, the war in the region delayed these talks as well and changed the location. Talks have only now resumed, with the Israeli negotiating team currently in New Delhi until July 23 to discuss the deal.

"Our team was to go there, but safety was obviously an issue," the official explained.

He added that similar concerns are leading to delays in India's in-person negotiations with the Eurasian Economic Union (EAEU) as well. The EAEU comprises Russia, Kyrgyzstan, Kazakhstan, Belarus and Armenia.

"The first round of the EAEU FTA was held in November 2025 and the second round in Moscow was held all the way in June 2026," he explained. "The back-end talks are progressing well, but actual visits are becoming difficult to coordinate especially now that Ukraine has intensified its counteroffensive."

India conducts $60.7 billion worth of annual trade with the EAEU nations, predominantly with Russia. It has a total annual trade of about $178.7 billion with the GCC countries and $3.9 billion with Israel.

In total, therefore, the wars are delaying negotiations on trade deals involving about $243 billion worth of trade for India, or about 20% of India's total trade.

War risk

India's trade deals facing delays because of global wars

In $ billion, unless specified

	Exports	Imports	Total Trade	Share in India's Total Trade
GCC	55.7	122.9	178.7	14.70%
EAEU	5.1	55.6	60.7	5%
Israel	2.2	1.7	3.9	0.30%
Total	63	180.3	243.3	20%

Source: Ministry of Commerce and Industry • Note: GCC - Gulf Cooperation Council; EAEU - Eurasian Economic Union

Core Analysis

(A) Affected FTA Negotiations and Trade Value

Partner Region/Country	Trade Partners	Annual Trade with India	Current Status & Reason for Delay
GCC (Gulf Cooperation Council)	Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, UAE	~$178.7 Billion	Following the signing of ToR in February 2026, the visit of the Indian delegation remains pending due to West Asia tensions.
EAEU (Eurasian Economic Union)	Russia, Kyrgyzstan, Kazakhstan, Belarus, Armenia	~$60.7 Billion (primarily Russia)	Escalating impacts of the Russia-Ukraine war and security concerns make coordinating in-person meetings in Moscow difficult.
Israel	Israel	~$3.9 Billion	Proposed second round of talks in Tel Aviv in May 2026 postponed due to security concerns; now held in New Delhi.

(B) Economic Impact of Geopolitical Tensions

- **Access & Logistics Friction:**
  - An FTA with the GCC is highly strategic for India, as obtaining access to even a single GCC port would provide Indian exporters seamless market access across the entire Gulf region.
  - Delays in trade negotiations with the EAEU deal a blow to India's efforts to gain unimpeded access to Central Asian and Russian markets.
- **Coordination of Physical Meetings and Security Risks:** While back-end (virtual) discussions continue, in-person negotiations are essential to finalize complex trade terms (such as tariff lines, intellectual property, and services), which are being impacted due to security reasons.
- **Global Supply Chain Disruptions:** The Red Sea crisis and the ongoing conflict in West Asia have led to an increase in shipping costs (freight charges) and insurance rates, making the timely completion of FTAs even more necessary.

UPSC Static Dimensions

(1) Background of Trade Organizations and Economic Blocs

- **GCC (Gulf Cooperation Council):** A political and economic union established in 1981. India is heavily dependent on this region for its energy needs (crude oil and LNG).

- **EAEU (Eurasian Economic Union):** An economic union of Northern and Central Asia established in 2015. It is led by Russia and is closely linked with the INSTC (International North–South Transport Corridor).

(2) India's Trade Policies and Constitutional Provisions

- **Foreign Trade Policy (FTP 2023):** Aims to take India's exports to $2 trillion by 2030, in which FTAs play a crucial role.
- **Article 253:** Empowers Parliament to make laws to give effect to international agreements/treaties.

(3) Recent Successful FTAs (Next-Gen FTAs)

- India has signed agreements with the UAE (CEPA) and Australia (ECTA) in recent years, and negotiations with the United Kingdom (UK) and the European Union (EU) are at an advanced stage.

Way Forward

- **Use of Digital/Hybrid Diplomacy:** Maximize the use of secure digital platforms and hybrid negotiation sessions to advance complex negotiations during travel uncertainties.
- **Flexible Shift of Venues:** As done in the Israel negotiations, ensure meetings are hosted in New Delhi or a neutral venue instead of areas with security concerns.
- **Diversification of Logistics and Supply Chains:** Rapidly strengthen the infrastructure of alternative trade routes (such as INSTC and Chabahar Port) as alternatives to conflict-ridden areas.
- **Active Back-Channel Diplomacy:** Resolve technical-level (drafting-level) issues online prior to the main FTA negotiations so that only signatures and high-level consensus remain for physical meetings.

Conclusion

Delays in $243 billion worth of trade negotiations due to global conflicts and geopolitical turmoil demonstrate that security and trade are completely intertwined in contemporary international relations. Achieving these trade agreements is essential for India to sustain its economic growth and reach its 2030 export targets. Leveraging its balanced geopolitical stance (Strategic Autonomy), India must maintain the momentum of these negotiations through alternative mechanisms.

UPSC Prelims Exam Study Questions

Ques: Which of the following routes is being developed with the aim of providing India with alternative connectivity to Central Asia and Russia?

(a) IMEC

(b) INSTC

(c) BBIN

(d) BIMSTEC Corridor

Ans:b)

UPSC Mains Exam Study Questions

Ques: Explain the strategic and economic significance of the proposed Free Trade Agreements (FTAs) between India and the GCC, EAEU, and Israel. Also, analyze the current challenges. **(10 Marks, 150 Words)**

Page :08 : Editorial Analysis

Building an Atmanirbhar philanthropy ecosystem

Ashish Dhawan

Founder and Chairperson, The Convergence Foundation

Amit Chandra

Co-Founder, A.T.E. Chandra Foundation

Domestic giving, not foreign funding, is what will define India's philanthropic future

India's philanthropic landscape has changed more in the past decade than many realise. Domestic private giving – through family philanthropy, Corporate Social Responsibility (CSR), and individual donors – has grown rapidly and now far outstrips annual foreign philanthropic inflows. A new generation of entrepreneurs is rethinking differently about giving, while millions of Indians are entering the markets through mutual funds, systematic investment plans (SIP), and Unified Payments Interface (UPI). Against this backdrop, the debate around the Foreign Contribution (Regulation) Act (FCRA) takes on a different meaning: less a dispute about foreign funding than a chapter in India's move toward a more self-reliant philanthropic future.

The first principle should not be controversial. Every sovereign nation has both the right and the responsibility to regulate foreign capital flowing into organisations that shape public life. This is neither unique to India nor illiberal: the United States requires disclosure under its Foreign Agents Registration Act, and Australia and several European democracies run comparable regimes. The question worth debating is not whether foreign funding should be regulated, but whether that regulation is proportionate, predictable and efficiently run.

There is also a gap between perception and reality. The impression is that tighter FCRA rules have hollowed out Indian development work; the numbers say otherwise. NITI Aayog's portal NGO Darpan portal lists roughly six lakh voluntary organisations, of which only about 14,500 hold active FCRA registration. Foreign contributions have themselves doubled over the decade, from about ₹10,000 crore to around ₹22,000 crore. The sector has not been starved of money from abroad.

The rise of domestic giving

The bigger change lies at home. Domestic private philanthropy now exceeds ₹1.18 lakh crore a year – more than five times foreign inflows – according to the Bain-Dasra India Philanthropy Report 2026.

Family philanthropy is growing at double-digit rates as a new generation of wealth creators comes to see giving as part of wealth stewardship. The centre of gravity of Indian philanthropy has quietly shifted home.

None of this erases the hardship of the transition. A small number of organisations faced delayed renewals, long processing times, or cancelled registrations, disrupting work in education, health, livelihoods, and rural development. This was not true of the sector as a whole, but for those affected, the disruption was real and deserves acknowledgement rather than dismissal.

The transition also exposed how unevenly the sector had prepared. Many organisations operate with exemplary governance; others had gone dormant or were well-meaning groups whose documentation had not kept pace with rising expectations.

India's companies went through a similar reckoning over the past three decades: stronger governance initially felt like a burden, but it ultimately became the very thing that won investor confidence and drew in capital. The social sector can follow the same path. If money is the fuel of philanthropy, trust is its currency.

Better, not tighter regulation

The goal should be better regulation, not just tighter regulation. An administrative slip should not carry the same penalty as fraud. A structured path comprising deficiency notices, defined windows to correct errors, opportunities to provide clarification, and an independent appellate body would protect the integrity of the law while sparing genuine organisations avoidable disruption. The newly launched FCRA 2.0 platform offers a real opportunity to simplify compliance and move towards risk-based supervision.

Fixing FCRA's administration, though, is only half the task; the larger prize is to build what we would call an Atmanirbhar ('self-reliant') philanthropy ecosystem. India's giving has moved through three phases: first, a reliance on foreign philanthropy, and second, the transformation wrought by CSR, which now channels over ₹40,000 crore a year into development. The third phase must be powered by Indian families, entrepreneurs and citizens.

The most immediate opportunity sits with India's fast-growing community of high-net-worth individuals, whose giving has lagged well behind the growth in their wealth. This is where the largest pool of new domestic capital can be unlocked over the coming decade, and where policy can help most.

India's tax framework does not yet signal that philanthropy is a national priority. Deductions under Section 80G are usually limited to half the donation and capped at 10% of adjusted gross total income. Few large donors hit those limits, but tax policy is also about signalling intent – and other countries have been emphatic, from Singapore's 250% deduction to Britain's Gift Aid top-up and America's carry-forward provisions. India need not copy them wholesale. But raising the 80G deduction from 50% to 100%, as is already allowed for some categories, and lifting the ceiling to 25%, would cost the exchequer little while meaningfully improving the flow of long-term social capital.

Expanding the donor base

One mechanism deserves particular mention. Most first-generation entrepreneurs hold their wealth in equity, not cash. A framework allowing donations of appreciated listed shares to eligible charities – with appropriate safeguards and a reasonable disposal window of, say, one to three years so that recipients can sell in orderly fashion – could become one of the most powerful ways to unlock domestic philanthropic capital.

The next frontier, over a longer horizon, is to widen the base. India now has over 220 million demat accounts, widespread SIP investing and UPI in every pocket; the infrastructure for mass participation already exists. If even a fraction of households gave ₹100, ₹500 or ₹1,000 a month through trusted digital platforms, millions of citizens would become active partners in solving the country's social problems. The Social Stock Exchange could do for social capital what India's markets did for financial capital – a trusted national platform linking credible organisations to ordinary citizens through clear disclosure and measurable impact.

The argument runs deeper than the sums involved. Domestic philanthropy creates more than money; it creates ownership. When Indian citizens and businesses fund India's own social challenges, they bring governance, ideas, volunteering and accountability along with their capital, strengthening not just the non-profit sector but also the wider social contract. That is the real case for an Atmanirbhar philanthropy ecosystem.

Foreign philanthropy will still matter, particularly in research, innovation and the exchange of ideas. But as India approaches developed-nation status, it should complement India's social development, not shape it. The aspiration, in the end, is not merely to regulate foreign philanthropy well. It is to build a country where the overwhelming share of social transformation is financed, led and owned by Indians themselves.

That is the promise of an Atmanirbhar philanthropy ecosystem – and, we believe, the next chapter of India's development story.

GS Paper II: Governance

UPSC Mains Exam Practice Questions: Discuss the objectives of the Foreign Contribution (Regulation) Act (FCRA) and its impact on voluntary organizations (NGOs) in India.(**10Marks, 150 Words)**

Context : In recent years, India's philanthropy landscape has transformed rapidly. The size of domestic private philanthropy in the country is now more than five times larger than foreign inflows. In this backdrop, the ongoing debate on the Foreign Contribution (Regulation) Act (FCRA) should not be viewed merely as a mechanism to control foreign funding, but rather as a new chapter in moving toward India's 'Atmanirbhar Philanthropy Ecosystem' (Self-Reliant Philanthropy Ecosystem).

Core Analysis

(A) FCRA Regulation: Perception vs. Reality

- **Sovereign Right & Global Norms:** Every sovereign nation has the right to regulate foreign funds impacting public life. Democratic countries like the USA (FARA Act) and Australia also have strict regulations for this.
- **Data Analysis:**
  - On NITI Aayog's 'NGO Darpan' portal, nearly 600,000 voluntary organizations are registered, out of which only ~14,500 hold active FCRA registrations.
  - Foreign contributions have increased from approximately ₹10,000 crore to ₹22,000 crore over the past decade, demonstrating that this sector has not been entirely deprived of foreign funds.
- **Administrative Challenges:** Delays in registration renewals or cancellations have affected some genuine NGOs. The problem lies less in the law itself and more in its administrative execution and the governance gap within NGOs.

(B) Rise of Domestic Philanthropy

- **Superiority Over Foreign Grants:** According to the 'Bain-Dasra India Philanthropy Report 2026', domestic private philanthropy has exceeded ₹1.18 lakh crore annually.
- **Corporate Social Responsibility (CSR):** Over ₹40,000 crore flows into the social sector annually through CSR.
- **Family & HNI Philanthropy:** New-age entrepreneurs and High-Net-Worth Individuals (HNIs) are deploying a portion of their wealth toward social welfare, although this remains below potential.

(C) Three Phases of Indian Philanthropy

- **Phase 1:** Heavy reliance on foreign charitable grants (Foreign Aid).
- **Phase 2:** Entry of corporate capital following mandatory CSR regulations.
- **Phase 3 (Current):** Indigenous philanthropy driven by Indian families, entrepreneurs, and ordinary citizens.

Policy Reforms & Mechanisms for Atmanirbhar Philanthropy

To fully leverage domestic capital, it is necessary to adopt the following mechanisms:

1. Tax Policy Reform

- **Amendment to Section 80G:** Currently, exemptions under Section 80G are mostly capped at 50% of the donation and restricted to 10% of total income.
- **Proposal:** Increase the 80G deduction limit from 50% to 100% and raise the cap to 25%. This would have a minimal impact on tax revenue while significantly boosting the flow of social capital.

2. Share Donation Framework

- Most first-generation entrepreneurs hold their wealth in equity rather than cash.
- Under streamlined rules, direct donations of appreciated listed shares to charity should be permitted, allowing NGOs to sell them within a transparent 1 to 3-year window.

3. Mass Retail Giving & Digital Infrastructure

- India has over 220 million Demat accounts, widespread Systematic Investment Plan (SIP) investments, and extensive UPI adoption.
- If ordinary Indian citizens contribute small amounts ranging from ₹100 to ₹1,000 per month, millions of people can become partners in nation-building.
- **Social Stock Exchange (SSE):** This platform can bridge reliable NGOs and ordinary citizens through transparency and impact-based giving.

Static Dimensions (UPSC Perspective)

(1) Legal & Policy Framework

- **FCRA, 2010 (Amended in 2020):** Regulates the utilization of foreign contributions, mandates accounts only in the SBI Main Branch (New Delhi), and caps administrative expenses at 20%.
- **Companies Act, 2013 (Section 135):** Mandates certain profitable companies to spend at least 2% of their average net profit on CSR activities.
- **Section 80G of the Income Tax Act:** Provides tax deductions on donations made to charitable organizations.

(2) Institutional & Market Framework

- **Social Stock Exchange (SSE):** A specialized segment established under SEBI that permits Non-Profit Organizations (NPOs) to raise funds through instruments like bonds or mutual funds.
- **NGO Darpan:** An integrated interface operated by NITI Aayog to ensure transparency between NGOs and government ministries.

Way Forward

- **Proportionate Regulation:** FCRA enforcement should distinguish between administrative/paperwork errors and fraud. This can be achieved through 'show-cause notices', corrective timelines, and the setup of an Independent Appellate Body.
- **Effective Utilization of FCRA 2.0:** Leverage the recently launched portal to streamline compliance and facilitate risk-based supervision.
- **Social Contract & Ownership:** While foreign funds can supplement research and innovation, the financing and leadership of India's social transformation must be driven by Indians themselves.

Conclusion

Building an 'Atmanirbhar Philanthropy Ecosystem' is not merely about financial independence; it ensures ownership and social accountability among Indian citizens and businesses toward national development. As India moves toward becoming a developed nation (Viksit Bharat @2047), reducing dependence on foreign aid and funding social welfare through domestic digital networks, tax incentives, and civic participation represents the next chapter in India's sustainable growth journey.