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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 II : Governance / Preliminary Examination

The Union Ministry of Health and Family Welfare has proposed amendments to the **Medical Devices Rules (MDR), 2017**. The core intent is to strike a pragmatic balance between public health safety and "Ease of Doing Business" (EoDB). By slashing procedural redundancies and integrating global regulatory benchmarks, the government aims to lower compliance costs and accelerate patient access to advanced med-tech innovations.

Key Features of the Proposed Amendments

- **Rule 44 (Sterilisation Licensing Simplified):** Eliminates the mandatory "loan licence" requirement for manufacturers outsourcing sterilisation, provided the third-party facility holds a valid MDR-2017 licence.
- **Traceability & Transition Window:** Safety is maintained by requiring the third-party facility's licence number on product labels. A 6-month grace period allows manufacturers to adjust packaging and logistics.
- **Rule 63 (Inclusion of EU Regulators):** The European Union joins the US, UK, Australia, Canada, and Japan as a recognised stringent jurisdiction. EU-approved devices without predicates in India can now seek waivers for local clinical investigations, expediting market entry.
- **Ninth Schedule (Standardised Fees):** Introduces uniform testing fee structures across Medical Device Testing Laboratories to enhance cost predictability and eliminate disputes.

Centre moves to simplify medical device regulations

Bindu Shajan Perappadan
NEW DELHI

The Union Health Ministry has proposed amendments to the Medical Devices Rules, 2017, to promote ease of doing business. The amendments seek to simplify regulatory requirements, standardise testing fees and facilitate faster market access for eligible medical devices.

The Centre has eased regulatory requirements for medical device manufacturers by removing the need for a separate licence for outsourced sterilisation and expanding the list of countries and regulatory jurisdictions whose approvals can facilitate waiver of clinical investigation requirements in India, a release issued by the Ministry said on Monday .

Under the proposed amendment to Rule 44, manufacturers that outsource sterilisation of their medical devices to a facility holding a valid licence under the Medical Devices Rules, 2017, will no longer have to obtain a separate loan licence for the sterilisation activity.

Earlier, manufacturers had to secure a separate loan licence even when the outsourced sterilisation facility itself held a valid licence. The government said removing the duplication would reduce paperwork, administrative burden and compliance costs, particularly for manufacturers without their own sterilisation facilities.

However, a traceability requirement has been retained. Manufacturers will have to mention the licence number of the sterilisation facility on the medical device label. A six-month transition period has been provided to allow companies to modify labels, packaging and related processes.

The government said the change was intended to balance regulatory oversight with ease of doing business by retaining traceability while simplifying the licensing framework.

In another change, the amendment to Rule 63 includes the European Union (EU) among the stringent regulatory jurisdictions recognised for waiving clinical investigation requirements for medical devices that do not have predicate devices in India. The provision already recognises the United States, the United Kingdom, Australia, Canada and Japan. With the EU now included, medical devices approved in the EU that meet the eligibility conditions can benefit from the waiver provisions in India. The move is expected to reduce regulatory timelines for importers and manufacturers and facilitate quicker availability of newer medical technologies to Indian patients.

The change is intended to balance regulatory oversight with ease of doing business.

Socio-Economic & Strategic Impact

- **Administrative Relief:** Minimises red tape and regulatory delays for domestic producers—especially MSMEs and start-ups lacking in-house sterilisation infrastructure.
- **Healthcare Delivery:** Speeds up domestic availability of cutting-edge diagnostic tools and therapeutic implants.
- **Global Alignment:** Enhances international regulatory convergence, integrating Indian med-tech manufacturers into global supply chains.

Static Dimensions

- **Governance & Public Policy:**
  - Regulatory Reforms & Ease of Doing Business (EoDB) in critical sectors.
  - Health Administration: Functions of the **Central Drugs Standard Control Organisation (CDSCO)** under MoHFW.
- **Economy & Technology:**
  - Sectoral Growth: Strengthening the National Medical Devices Policy (2023) and PLI schemes for medical devices.
  - Import Substitution vs. Facilitation: Balancing domestic manufacturing (*Make in India*) with fast-tracked import of advanced technology.

Conclusion

The proposed amendments reflect a progressive shift toward outcome-based governance, removing bureaucratic friction while protecting public safety. Ensuring robust post-market surveillance will be critical as India transitions into a global hub for medical technology.

UPSC Prelims Practice Questions

Question: Which of the following best reflects the principle of Ease of Doing Business in health regulation?

A. Removing every safety standard.

B. Simplifying procedures while retaining essential quality and safety safeguards.

C. Allowing unrestricted sale of untested devices.

D. Eliminating regulatory authorities.

Ans:B)

UPSC Mains Practice Questions

Question: The proposed amendments to the Medical Devices Rules, 2017 seek to improve Ease of Doing Business while maintaining patient safety standards. Critically examine.**(10 Marks, 150 Words)**

Page 07 :GS III : Environment / Preliminary Examination

Britain's national weather agency (Met Office) has issued an official forecast warning that an unprecedented **El Niño** weather pattern is developing in the equatorial Pacific, with sea surface temperature anomalies expected to peak above 3°C. Characterized as potentially the largest El Niño event in over a century, it threatens to disrupt global rainfall, intensify severe droughts, and temporarily push global mean temperatures into record-breaking territory—making **2027 highly likely to replace 2024 as the hottest year on record**.

Key Highlights & Projections

- **Record-Breaking Ocean Warming:** Equatorial Pacific sea-surface temperatures are running +2.6°C above the 30-year average and are projected to surpass a +3.0°C anomaly. A typical El Niño averages a +1°C to +2°C rise.
- **Disrupted Monsoon & Drought Risks:** The phenomenon is already suppressing the Indian Summer Monsoon, causing below-normal seasonal rainfall. Severe drought risk is elevated for Southeast Asia, Australia, southern Africa, Central America, and northern Brazil.
- **Extreme Weather Shifts:** Increased rainfall and stormy conditions are predicted for Northwest Europe (including the UK) by autumn/early winter, alongside heavier precipitation in the Horn of Africa and the southern United States.
- **Lagged Temperature Impact:** Because El Niño releases massive amounts of ocean heat into the atmosphere over time, the peak global temperature spike typically manifests the year *following* the oceanic peak, placing 2027 at high risk of breaking global heat records.

Socio-Economic & Strategic Impact

- **Agricultural & Food Security:** Weak monsoons and regional droughts directly threaten crop yields across South Asia and South America, triggering potential supply chain shocks and food inflation.
- **Water Scarcity & Energy Outages:** Depleted aquifers and lower river basins disrupt rural drinking water supplies and cripple hydroelectric power generation capacity.
- **Compounding Climate Stress:** Occurring alongside human-induced global warming, the event intensifies local heatwaves, wildfire hazards, and health risks from extreme heat exposure.

Static Dimensions

- **Physical Geography:**

A villager seen with bottles of spring water in Gunung Batur, Indonesia, amid struggles to access groundwater due to El Niño impact. AFP

U.K. forecasts 'biggest' El Niño yet will break heat records

Agence France-Presse

This year's El Niño weather pattern will be the biggest in over a century and could make 2027 the hottest year globally, Britain's national weather agency predicted Friday.

An El Niño weather event happens when warming sea surface temperatures in the tropical eastern Pacific trigger worldwide changes in winds, atmospheric pressure and rainfall, as well as higher global temperatures overall.

Adam Scaife, head of long-range forecasting at the weather agency, told the *BBC*: "We are expecting the biggest El Niño for over a century, peaking at something over three degrees -- that is unheard of in modern climate records."

This means Pacific water would heat up more than 3 degree Celsius above the norm in the coming months.

El Niño occurs when water temperatures rise at least 0.5 degree Celsius above the baseline.

A record El Niño would be "adding to the stresses of climate change" following a summer of heatwaves across Europe, the

British forecasts have shown an exceptionally strong El Niño signal, where even a 2 degree Celsuis rise in temperature could be treated as a 'really big event'

Met Office said in a blog.

Temperatures in the Pacific region are currently running about 2.6 degree Celsius above a rolling 30 year average, according to the Climate Brink dashboard based on data from the U.S. National Oceanic and Atmospheric Administration.

"We should be clear that this is an unprecedented event," British scientist Scaife said in a Met Office blog.

If the forecast is accurate, then 2026 "will far exceed our recent experience of El Niño and its worldwide climate influences", said the physicist who specialises in climate modelling.

"I have never seen an El Niño signal this intense in our forecasts," he added, with even a 2 degree Celsius rise considered a "really big event".

El Niño typically results in drier conditions across southeast Asia, Australia, southern Africa, and northern Brazil, and wetter conditions in the Horn of Africa, the southern United States, Peru and Ecuador. This year's anomalous warmth will have particularly strong effects throughout the Tropics, Scaife said. Forecasters "expect really severe droughts in places like South America, and the West Pacific", he added.

El Niño is already causing well below normal rainfall in India, the Met Office said.

The weather event is also expected to prompt "increased rainfall and storminess in the autumn here in the U.K. around November time", Scaife said.

Since El Niño events drive up the global average temperature, 2027 is now "very likely to replace 2024 as the warmest year on record", said Nick Dunstone, another Met Office scientist.

The British forecast for a very strong El Niño was in line with other forecasts: Carlo Buontempo, director of the European Union's Copernicus Climate Change Service, said in January that 2026 could be "another record-breaking year".

Peruvian and Ecuadoran fishermen coined the term El Niño ("the boy" or "the Christ Child") in the 19th century for the arrival of an unusually warm ocean current off the coast that reduced their catch just before Christmas. This phase of natural climate oscillation between high and low temperatures occurs every two to seven years, according to meteorologists.

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

  - **ENSO Mechanism:** Ocean-atmosphere interaction driven by the weakening/reversal of easterly trade winds, resulting in the eastward migration of the Warm Pool towards the South American coast.
  - **Teleconnections:** Global atmospheric pressure anomalies (Southern Oscillation) altering weather patterns worldwide.

- **Environment & Disaster Management:**
  - **Climate Change Adaptation:** Interplay between natural climate variability (ENSO) and long-term global warming trends.
  - **Disaster Mitigation:** Building resilience against multi-sectoral drought impacts and monsoon failures in vulnerable agrarian economies.

Conclusion

The U.K. Met Office's warning underlines that short-term natural climate oscillations like El Niño can amplify long-term global warming, creating acute compounding crises. Navigating these severe global disruptions requires robust climate-resilient agriculture, proactive water resource management, and enhanced early-warning infrastructure.

UPSC Prelims Practice Questions

Question: During a typical El Niño event, which one of the following changes is most likely?

A. Strengthening of easterly trade winds and westward movement of warm water

B. Weakening of trade winds and eastward displacement of warm surface waters

C. Intensification of cold upwelling along the western Pacific

D. Strengthening of the Walker circulation

Ans: B)

UPSC Mains Practice Questions

Question: Explain the ocean-atmosphere mechanism of El Niño. How does it influence weather patterns beyond the tropical Pacific?**(10 Marks, 150 Words)**

Page 09: GS II : Indian Polity & Governance / Preliminary Examination

The proliferation of AI-powered wearable technology—specifically smart glasses developed by tech giants like Meta—presents novel civil liberties and regulatory challenges. While marketed to enhance user experience and convenience, discreet form factors (miniaturised cameras, hidden microphones) enable pervasive, non-consensual surveillance. This emerging technology creates severe privacy risks, particularly regarding women's safety, child protection, and corporate data leakage, while exposing major loopholes in India's modern data governance architecture.

Key Features & Privacy Vulnerabilities

- **Discreet Design & Easy Workarounds:** Integrated micro-cameras and speakers operate with minimal visual or auditory recording indicators. Physical workarounds to bypass the LED recording light are readily available.
- **Non-Consensual Recording in Public & Private Spaces:** Extended battery life enables continuous capture of surroundings, leading to non-consensual filming, inadvertent recording of sensitive peripheral data, and potential intellectual property theft (e.g., streaming lectures or scanning confidential documents).
- **Third-Party Data Access:** Human contractors hired by tech firms to review user data raise secondary privacy risks, as sensitive personal footage captured inadvertently can be exposed during routine quality audits.
- **Heightened Risk for Vulnerable Demographics:** Significantly escalates risks related to cybercrimes against women and children (e.g., unauthorized filming in semi-private or public places) due to the complete absence of obvious recording cues.

Smart glasses highlight gaps in privacy laws

Sonikka Loganathan

In June, reality star Kylie Jenner posted her latest collaboration on social media – a new design for Meta's line of AI-powered "smart glasses". Images of her wearing the glasses filled social media, as did videos of her teenage self lamenting the lack of privacy she was afforded because of her fame. The irony was unmissable: how is Ms. Jenner, who was once so worried about privacy, now promoting a device that enables surveillance?

Smart glasses are the latest addition to the wearable technology space. It is also a dangerous example of how current laws are unable to keep up with today's tech innovation.

According to Meta, these glasses allow you to see and answer calls, messages, and notifications via voice command. Built-in speakers help you listen to music and an integrated camera enables you to capture photos or videos through the lenses. Meta describes these glasses as "normal-looking eyewear with discreetly integrated glasses technology." Hidden from the naked eye, these glasses contain "tiny speakers, microphones, [and] a lightweight camera." The tech giant isn't shying away from how inconspicuous these features are; rather, it is flaunting it.

Privacy and data concerns

In India, the glasses, which have been advertised everywhere, retail at around ₹25,000. Stickers that claim to completely cover the LED recording indicator are also widely available. Meta says that if the LED is covered, the glasses will block the recording until the sticker is removed. Yet, workarounds are just a Google search away. The glasses also make a shutter sound when they start and stop recording, but this is not a strong indicator that you are being recorded. Further, Meta argues that the glasses are "designed for privacy, controlled by you." But this "control" is limited to the wearer, and not the recorded subject, such as requiring additional verification before use.

The website adds, "Meta collects data needed to help ensure that your glasses and app are reliable, secure and operating normally." An investigation by Swedish newspapers *Svenska Dagbladet* and *Goteborgs-Posten* found that Meta's contracted workers, who sometimes review the data to track user experience, were able to view sensitive content filmed on the smart glasses, including wearers using the toilet. In a comment to *BBC News*, Meta said its privacy policy states that it sometimes uses contractors to review data shared with them.

In this context, concerns about women's privacy have grown. Data from the National Crime Records Bureau (NCRB) show that in 2023, before the glasses entered the market, there were 3,678 cases of women-centred cybercrimes. Of these, 2,767 cases involved the transmission or publication of sexually explicit material. Consider how much easier these glasses would make it to record people without their knowledge, including in private spaces. The potential risks to children are equally concerning. In 2023, the NCRB recorded over 698 cases related to the use or storage of child sexual abuse material. If adults cannot often recognise when the glasses are recording, a child certainly cannot.

These risks are compounded by the glasses' battery life, offering 4-9 hours of active use. This means entire movies can be recorded, university lectures can be taped, confidential documents scanned, and patient information collected. It also means that even those who are not intentionally engaging in malpractice could invariably do so – by capturing something private in the frame's periphery, for example. Ultimately, these glasses allow for the extensive, non-consensual collection of data.

Lacuna in the law

India's laws today do little to protect people from this surveillance. The Digital Personal Data Protection Act, 2023 (DPDPA) is technologically agnostic, making the purpose of data collection the key consideration. In a public space, people can neither grant consent nor monitor how their information is used.

Following the landmark *K.S. Puttaswamy vs. Union of India* 2017 judgment, reasonable expectation of privacy was recognised as a fundamental right under Article 21. This means that people, even in public spaces, don't generally expect to be captured in detail. But the DPDPA excludes information that is made publicly available. Hence, the reasonable expectation of privacy granted by *Puttaswamy* is not met because the Act does not regulate how someone is being recorded in public. The Act's scope is diluted further since there are minimal indicators that you could be in someone's frame, unlike someone recording on their phone.

This combination of rapid tech innovation and a lack of legal regulation and public awareness creates the perfect storm. With devices such as these glasses becoming common, people may be collecting information with little knowledge of where the data are being used. Without legal safeguards, digital accountability risks becoming an afterthought.

Banning such devices isn't practical from a business or tech standpoint. Meta might be the biggest player in this space today, but Google and Reliance are also entering the smart glasses market. As wearable tech becomes more advanced, banning it will become increasingly difficult. Instead, laws should be framed with an understanding of how AI is changing the landscape. There is a need for assessments on how technology will evolve, the risks that may accompany it, and the government's responsibility in ensuring that citizens are adequately protected.

sonikka.l@thehindu.co.in

As wearable tech becomes more advanced, banning it will become increasingly difficult. Instead, laws should be framed with an understanding of how AI is changing the landscape

Socio-Economic & Strategic Impact

- **Erosion of Public Anonymity:** Normalises continuous digital recording in daily life, eroding personal boundaries and changing public behavior.

- **Commercial Scalability vs. Regulation:** Blanket bans remain economically and technologically infeasible as domestic and global firms (e.g., Google, Reliance, Meta) heavily invest in wearable computing ecosystems.
- **Data Security & Corporate Espionage:** Poses operational risks to corporate offices, healthcare facilities, and academic institutions where sensitive information can be passively captured without authorization.

Static Dimensions

- **Polity & Governance:**
  - **Fundamental Right to Privacy:** Potential conflict with Article 21 rights recognized in the *K.S. Puttaswamy vs. Union of India (2017)* judgment, particularly the concept of "reasonable expectation of privacy" in public spaces.
  - **Legislative Lacunae in DPDPA, 2023:** The Digital Personal Data Protection Act, 2023 focuses on purpose-based consent for collected digital data, but largely excludes data made publicly available and fails to address real-time, passive visual capture in public areas.
- **Science & Technology / Cyber Security:**
  - **Regulatory Tech Dynamics:** Balancing technological innovation and Ease of Doing Business with consumer protection and civil liberties.
  - **Cyber Crime & Safety:** Addressing emerging challenges under the Information Technology (IT) Act, 2000 and NCRB-tracked offenses (voyeurism, publication of explicit material).

Conclusion Addressing the privacy risks posed by wearable AI requires a shift from reactive legislation to proactive, technology-aware governance. Rather than resorting to impractical outright bans, regulatory frameworks must enforce privacy-by-design standards—such as tamper-proof physical recording indicators and robust legal protections for public privacy—to align technological innovation with constitutional rights.

UPSC Prelims Exam Study Questions

Question: The K.S. Puttaswamy v. Union of India (2017) judgment is primarily associated with:

A. Right to property

B. Right to privacy as a constitutionally protected right

C. Right to education
D. Freedom of trade
Ans:B)

UPSC Mains Exam Study Questions

Question: How should India balance the Right to Privacy with technological innovation and legitimate data-driven economic activity?**(10 Marks, 150 Words)**

Page 10 : GS III : Indian Economy / Preliminary Examination

A nine-judge Constitution Bench of the Supreme Court of India ruled that the historic 1978 precedent set in Bangalore Water Supply and Sewerage Board v. R. Rajappa will not automatically govern the definition of 'industry' under Section 2(p) of the newly enforced **Industrial Relations Code (IRC), 2020**. While pending disputes under the repealed Industrial Disputes Act, 1947, will still follow the 1978 benchmark, all future disputes under the IRC, 2020, will be interpreted afresh based on the statutory text and modern economic dynamics.

How the SC ruling redefined 'industry'

The majority held that 'industry' under the IRC must be interpreted based on its own specific text and statutory context, unburdened by the legacy of the 1978 precedent; Justices B.V. Nagarathna, Dipankar Datta, and Ujjal Bhuyan formed the minority view that a re-evaluation of the 1978 judgment was 'unwarranted'

EXPLAINER

Krishnadas Rajagopal

The story so far:

A nine-member Constitution Bench of the Supreme Court of India recently held that the nearly half-century-old interpretation of the term 'industry' will not automatically apply to the Industrial Relations Code (IRC), 2020, which came into force in November 2025 and replaced the legacy Industrial Disputes Act, 1947. This decision effectively severs the new labour regime from an expansive, worker-friendly precedent set in 1978, establishing a clean slate for future labour law disputes.

The scope of 'industry'

To understand the significance of this judgment, one must look back to the historic 1978 ruling in *Bangalore Water Supply and Sewerage Board v. R. Rajappa*.

Authored by Justice V.R. Krishna Iyer, that seven-judge Bench significantly broadened the definition of Section 2(j) under the 1947 Act. The 1978 judgment introduced the triple test, which classified systematic or organised operations based on employer-employee cooperation to provide goods or services for consumers as an industry.

This sweeping definition brought various activities, including hospitals, educational institutions, and municipalities, under the legal definition of an industry. The only exclusions were core sovereign functions of the state, such as defence, judiciary, and law enforcement. For nearly half a century, this judgment had enabled workers across diverse sectors to access legal recourse, enforce labour rights, and engage in collective bargaining against unfair practices.

The crux of the judgment

The Constitution Bench, led by Chief Justice of India Surya Kant, addressed the question whether the 1978 definition of 'industry' should govern Section 2(p) of the IRC.

The majority held that 'industry' under the IRC must be interpreted based on its own specific text and statutory context, unburdened by the legacy of the 1978 precedent. Chief Justice Kant noted that while the core principles of the 1978 ruling had stood the test of time, the 1978 judgment would no longer act as the "sheet anchor" for interpreting 'industry' under the IRC.

Pending cases under the 1947 Act will continue to be governed by the 1978 Bangalore Water Supply precedent. All future disputes governed by the new Industrial Relations Code will be interpreted afresh.

Differing points of view on the Bench

The nine-judge Bench reflected nuanced positions on the balance between worker protections and modern economic realities.

An opinion authored by Chief Justice Kant, and shared with Justices Satish Chandra Sharma, Alok Aradhe and Vipul M. Pancholi, held that the 'triple test' of 1978 Bangalore Water Supply and Sewerage Board case judgment will continue to be applied to pending industrial disputes.

The Chief Justice, however, found that the 1978 verdict could have been articulated differently and set down a "reformulated" triple test, which would operate prospectively. However, the possibility of using the recast triple test to determine if an operation was an industry or not under Section 2(j) of the repealed 1947 Act is non-existent as the new labour law, The Industrial Relations Code 2020, has already come into force. The Bench has unanimously made it clear that 'industry' under the 2020 Code will be "interpreted independently" to align with contemporary industrial dynamics, and not be burdened by the 1978 verdict.

Justices B.V. Nagarathna, Dipankar Datta, and Ujjal Bhuyan formed the minority view on the Bench that a re-evaluation of the 1978 judgment was "unwarranted". Justice Nagarathna cautioned that altering the definition could create uncertainty and disrupt industrial peace.

Justice Nagarathna argued that the 1978 judgment had offered a broad-based definition of 'industry'. She highlighted that the judgment was a child of its time, when public sector workers were transitioning into private employment due to a changing industrial landscape inspired by privatisation, liberalisation and globalisation of the Indian economy.

Justice Joymalya Bagchi supported the need for the reference to the nine-judge Bench, but expressed his inability to agree to a "reformulated" triple test. Justice Bagchi said an apprehension that the triple test conceived in the 1978 judgment converted any organised activity into an industry was misplaced.

The judge agreed with Justice Nagarathna that even the state could enter into seemingly non-sovereign functions. The concept of 'sovereignty' has itself undergone changes with the passage of time. Absence of a profit motive did not take an activity outside the realm of industry, he observed. He said it was unwise to "re-draft" Justice Iyer's triple test. Justice Datta echoed the need for judicial consistency. Sharing his opinion with Justice Bhuyan, Justice Datta remarked that institutional credibility relies on respecting finality rather than perpetuating doubt over established law.

A step towards a new era

By severing the IRC from the 1978 precedent, the Supreme Court has set the stage for a new chapter in Indian labour law, leaving it to future courts to decide where the lines between employer authority and worker protections will ultimately be drawn.

Word of caution: Justice B.V. Nagarathna stressed that altering the definition of industry could create uncertainty and disrupt industrial peace. AFP

THE GIST

A nine-member Constitution Bench of the Supreme Court recently held that the nearly half-century-old interpretation of the term 'industry' will not automatically apply to the Industrial Relations Code, 2020.

A 1978 ruling had introduced the triple test, which classified organised operations based on employer-employee cooperation to provide goods or services for consumers as an industry. This judgment had enabled workers across diverse sectors to enforce labour rights.

Key Features of the Ruling

- **Prospective Disconnection from Precedent:** The Supreme Court severed the legacy 1978 verdict from the IRC, 2020, granting future judicial Benches a clean slate to define 'industry' according to current socio-economic realities.

- **Bifurcated Legacy & Pending Cases:** Ongoing industrial disputes originating under the repealed 1947 Act will continue to be governed by the traditional 1978 Bangalore Water Supply framework.
- **Majority vs. Minority Divergence:**
  - **Majority View (Led by CJI Surya Kant):** Held that relying automatically on a half-century-old decision as a "sheet anchor" limits statutory interpretation under the new labour regime.
  - **Minority View (Justices B.V. Nagarathna, Dipankar Datta, Ujjal Bhuyan, and Joymalya Bagchi):** Termed the re-evaluation unwarranted, arguing that disturbing an established, worker-friendly definition could create legal uncertainty, disrupt industrial peace, and weaken institutional credibility.

Socio-Economic & Strategic Impact

- **Ease of Doing Business & Flexibilities:** Grants the judiciary and legislature room to exclude specific non-profit, educational, or municipal activities from rigid labour law obligations, easing compliance for service sectors.
- **Worker Welfare & Collective Bargaining:** Uncoupling from the expansive 1978 "triple test" (which brought hospitals, educational institutes, and civic bodies under labour protections) risks narrowing worker definitions and limiting collective bargaining rights.
- **Transition Dynamics:** Creates a temporary regulatory dualism where older disputes follow the expansive 1978 doctrine while new claims under the 2020 Code face fresh judicial scrutiny.

Static Dimensions

- **Polity & Governance:**
  - **Judicial Precedents & Stare Decisis:** Balance between maintaining long-standing precedents (Bangalore Water Supply case) and adapting statutory interpretation to evolving economic frameworks.
  - **Constitutional Rights:** Alignment of statutory labour definitions with fundamental rights under Article 19(1)(g) (Right to practice profession/trade) and Directive Principles of State Policy (DPSP) like Articles 39, 42, and 43 (Worker rights and fair working conditions).
- **Economy & Labour Reforms:**
  - **Labour Code Consolidation:** Implementation of the four Labour Codes (including the Industrial Relations Code, 2020) aimed at streamlining complex legacy laws to promote economic growth while safeguarding labor welfare.

Conclusion

By uncoupling the Industrial Relations Code, 2020, from the expansive 1978 precedent, the Supreme Court has opened the door for a redesigned regulatory environment. The success of this transition depends on whether future judicial interpretations can maintain a fair equilibrium between industrial growth and the core constitutional protections guaranteed to workers.

UPSC Prelims Exam Study Questions

Question: With reference to judicial precedent, which one of the following best describes stare decisis?

A. Power of Parliament to overrule every judicial decision.

B. Principle of adhering to established judicial precedents to ensure consistency and predictability.

C. Power of the executive to review Supreme Court judgments.

D. Principle that every case must be decided without reference to previous judgments.

Ans: B)

UPSC Mains Exam Study Questions

Question: What is the significance of a Constitution Bench in the Indian judicial system? Explain with reference to the recent labour-law ruling.**(10 Marks, 150 Words)**

Page 10 : GS III : Indian Economy / Preliminary Examination

The Union Government reported that India received ₹4,895.65 crore across 29 Foreign Direct Investment (FDI) projects up to August 2026, directly utilizing the March 2026 relaxations to **Press Note 3**. Originally introduced in April 2020 during the COVID-19 pandemic to prevent hostile takeovers of Indian companies by entities from land-bordering nations (notably China), Press Note 3 mandated prior government approval for all such investments. The 2026 amendment introduced an automatic route for entities where land-bordering country stakes remain minority and non-controlling (<10%), easing capital inflows into key strategic sectors.

Did Press Note 3 relaxations help attract more FDI?

The Centre says that 29 FDI projects worth ₹4,895.65 cr. had been reported to it under the revised framework

T.C.A. Sharad Raghavan

The story so far

The Union government on Friday said that India had received foreign direct investment (FDI) worth ₹4,895 over just the last few months, from companies that have benefitted from recent relaxations made to India's FDI rules.

The aim of the relaxations was precisely to ease the flow of investments that had earlier been locked out of India.

What was the earlier rule?

The Union government had issued Press Note 3 in April 2020, in which it amended India's FDI policy. The existing rule at the time stated that any entity of Bangladesh and Pakistan could invest in India only after securing Government approval. Press Note 3 widened this stipulation to include any country that shared a land border with India. So, this included Pakistan, China, Bangladesh, Nepal, and Bhutan.

The popular perception is that the government took this decision as a result of border clashes between India and China at Galwan.

However, Press Note 3 was issued in April 2020, before those clashes took place in May.

The reason the change was made was to prevent hostile takeovers of companies ailing due to the COVID-19 pandemic. India and a few other countries had noticed that, early on in the pandemic, Chinese companies were buying up majority stakes in companies in the countries whose stock prices had plummeted due to the pandemic. The FDI restriction was aimed at curbing this.

While the origin of the rule was not directly linked to the border clashes, its extension over the years was certainly a result of the frigid relationship between India and China.

What was the relaxation?

In March 2026, the Centre eased the Press Note 3 restrictions somewhat. It said that FDI from entities would be allowed in India through the automatic route, without needing express government approval, if these entities had less than 10% stake based in countries that share a land border with India.

In other words, companies that had minority and non-controlling stakes held by these land-border countries could invest in India through the easier route.

The government did this because it said that a lot of investment into India had been held up because even companies that had tiny stakes owned by Chinese entities faced stricter restrictions on their investments into India.

"It is expected that the new guidelines will provide clarity and ease of doing business in India, and facilitate investments which can contribute towards greater FDI inflows, access to new technologies, domestic value addition, expansion of domestic firms and integration with global supply chain," the government had said in March when it eased the rules.

What has been the benefit?

The Ministry of Commerce and Industry said on Friday that a total of 29 FDI projects worth ₹4,895.65 crore had been reported to it under its revised framework up to August 10, 2026.

It added that these investments span a range of sectors, including information technology, artificial intelligence, information and communication, manufacturing, pharmaceuticals, data centres and transport services, among others.

Further, the investments have come from several countries, including Mauritius, the U.S., the Republic of Korea, Japan, Singapore, Luxembourg, and the Cayman Islands.

In relative terms, this investment amount is not all that significant. For instance, it amounts to less than 1% of the total FDI India received in 2025-26. But it is still early days, and for India and FDI, every little bit helps.

THE GIST

The Union government had issued Press Note 3 in April 2020, stipulating that any country sharing a land border with India could invest in the country only after securing Government approval.

In March 2026, the Centre eased the Press Note 3 restrictions somewhat. It said that FDI from entities would be allowed in India through the automatic route, without needing express government approval, if these entities had less than 10% stake based in countries that share a land border with India.

Key Highlights of the Regulatory Evolution

- **Origin of Press Note 3 (April 2020):** Enacted to safeguard vulnerable Indian businesses from opportunistic acquisitions during pandemic-induced valuation drops by making prior government approval mandatory for any investment originating from land-bordering nations (China, Pakistan, Bangladesh, Nepal, Bhutan, Myanmar).
- **March 2026 Relaxation Framework:** Permitted FDI via the **Automatic Route** (bypassing mandatory government scrutiny) for global companies if the ownership/stake held by entities from land-bordering countries remains under **10%** without control rights.
- **FDI Inflow Impact (by August 2026):** Generated ₹4,895.65 crore across 29 projects. While accounting for under 1% of total annual FDI inflows, it unlocked previously stalled institutional capital from major investor nations (US, Japan, Singapore, South Korea, Mauritius, Cayman Islands).
- **Target Sectors:** Investments flowed primarily into high-value and technology-intensive sectors, including AI, IT, data centers, pharmaceuticals, manufacturing, and transport services.

Socio-Economic & Strategic Impact

- **Integration with Global Supply Chains:** Unlocks multinational capital held up due to minor global cross-holdings, helping Indian firms scale up manufacturing and technological partnerships.
- **Pragmatic Security vs. Business Balance:** Retains security oversight over majority/controlling Chinese stakes while lowering administrative entry barriers for global passive investors.
- **Boost to Tech Infrastructure:** Directly benefits capital-intensive sectors like artificial intelligence, data centers, and pharmaceutical manufacturing that depend on global venture capital and private equity syndicates.

Static Dimensions

- **FDI Routes in India:** Automatic Route vs. Government Approval Route (handled by respective administrative ministries/CDSCO/DPIIT).
- **Regulatory Scrutiny vs. Capital Inflow:** Balancing national security concerns (preventing market dominance by strategic rivals) with the goal of expanding domestic value addition and economic growth.
- **Evolving Geoeconomics:** Shift from strict capital controls to targeted, threshold-based regulation (e.g., 10% minority cap) amidst changing global supply chain dynamics (*China Plus One* strategy).

Conclusion

While the initial FDI inflows under the relaxed Press Note 3 framework remain modest relative to India's total capital reception, the policy recalibration successfully eliminates procedural bottlenecks for global funds with negligible land-border exposure. Maintaining this balance between national security vigilance and an attractive investment environment is vital for sustaining long-term industrial expansion.

UPSC Prelims Exam Study Questions

Question: The "China+1" strategy is primarily associated with:

A. Complete withdrawal of global companies from Asian markets

B. Diversification of production and supply chains beyond dependence on China

C. Replacement of all foreign investment by domestic investment

D. Creation of a common currency among Asian economies

Ans: B)

UPSC Mains Exam Study Questions

Question: "India's FDI policy has acquired a distinctly geoeconomic character in the post-pandemic period." Examine.**(10 Marks, 150 Words)**

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 : 08 : Editorial Analysis

The fact is youth unemployment has a household cost

India's youth unemployment crisis is usually told through a single statistic: how many young people cannot find work. The latest Periodic Labour Force Survey (PLFS 2025) reports an unemployment rate of 14.8% among 18-29 year-olds, rising to 29.4% among those who are tertiary educated (with a diploma, graduate or post-graduate levels). The broader picture is larger than the unemployment rate alone suggests. Unemployment as a measure captures only those people who are not working but are actively seeking or available for work. It excludes those outside the labour force, including those who may have stopped looking for work, a group that may include many young women. Against the narrower measure of unemployment, the broader picture is considerably larger: 40.1% of tertiary-educated youth are neither in employment, education nor training, commonly referred to as NEET. Among tertiary-educated young women who are NEET, 74.7% are outside the labour force – neither working nor classified as unemployed because they are not seeking or available for work.

A framing that misses another issue

Unemployment is only the most visible part of a wider problem of educated young people remaining outside employment. And for those who are looking for work, the wait can be long. Examination paper leaks, recruitment delays and debates over India's demographic dividend have kept the spotlight firmly on young jobseekers.

Yet, this framing misses an important question. Unemployment is rarely experienced by individuals alone. Behind every unemployed graduate is often an entire household that financed the degree, adjusted its spending and continues to support a young adult's job search. Looking at youth unemployment through the household rather than the individual raises a different question: what happens to families when an educated young adult cannot find work? How households experience that unemployment may depend not only on the absence of work, but also on how long the search lasts and on the resources families have to sustain it.

Gargi Sridharan

Economist

Basit Abdullah

Assistant Professor at the Institute of Management Technology, Hyderabad

> Unemployment among educated youth in India extends beyond jobseekers, placing prolonged financial pressure on families

The households that invested in education

Around 15.4% of Indian households have a tertiary-educated young adult (18-29 years). These are households that have invested in higher education in the expectation that it would provide a pathway to secure employment and upward mobility. Yet, one in five households is supporting at least one unemployed tertiary-educated young adult (20.8%). The household consequences are measurable. Compared to households without any educated unemployed youth, those with unemployed youth spend, on average, ₹1,087 less per month on consumption overall, and ₹710 less per household member.

On average, these households have only 1.5 earning members, compared with two in households without an unemployed educated youth. For 14.4% of them, there is no active earning member at all, while 39.5% depend on a single earner. And in nearly two-thirds (62.5%), no one in the household has a regular salaried job.

The pressure on households becomes more serious when unemployment persists. Nearly three in five (58%) unemployed tertiary-educated youth have been searching for work for more than a year. Close to three in 10 (28.9%) have been unemployed for more than two years. A household supporting an unemployed graduate for a few months faces a different pressure than one financing a job search stretching across one or two years. Extended unemployment depletes savings, reduces consumption, and forces difficult choices about what employment the young adult should accept.

The data show a clear pattern: the ability to sustain prolonged job search is associated with household earning capacity. For someone in a household surviving on one earner or without a regular salary, the pressure to start earning is likely to arrive much sooner. What looks like the duration of an individual's unemployment, therefore, is also a measure of how long a family must sustain the wait. These families must push their unemployed youth toward immediate employment, even if it means accepting positions far below their qualifications. The choice is not between a 'good job' and 'bad job.' It is between 'any job' and economic insecurity.

The policy question

Current employment policy largely treats youth joblessness as an individual problem, addressed through apprenticeships, skilling and hiring incentives. The evidence here suggests that the consequences of unemployment extend beyond the individual jobseeker to the household supporting them. The length of the transition from education to work also matters, because someone is financing that wait. Recruitment delays, prolonged selection processes and extended job searches impose very different costs on a household with several earners than on one relying on a single income or without a regular salaried worker. Therefore, employment policy needs to pay greater attention to how long young people remain unemployed, and to the economic circumstances of the families supporting them during that period. Reducing avoidable delays in entry into work is not only a labour-market concern; it can also reduce the strain that prolonged unemployment places on households.

The views expressed are personal

GS Paper III: **Indian Economy**

UPSC Mains Exam Practice Questions: "Youth unemployment in India is not merely a labour-market problem; it is increasingly a household-level economic shock." Discuss.(**10Marks, 150 Words)**

Context :

India's youth unemployment challenge is conventionally evaluated through macroeconomic metrics such as the Labour Force Participation Rate (LFPR) or national joblessness figures. However, individual-centric metrics obscure a critical socioeconomic reality: unemployment in India is rarely experienced in isolation. Behind every unemployed graduate is an entire household that has liquidated assets, adjusted consumption, and strained daily budgets to finance higher education.

According to the **Periodic Labour Force Survey (PLFS 2025)**, while youth unemployment (18–29 years) stands at **14.8%**, it escalates to **29.4%** among tertiary-educated youth, with **40.1%** falling under the **NEET** (Not in Employment, Education, or Training) category. Analyzing this crisis through a household-level lens shifts the focus from structural employment shortages to family-level economic vulnerabilities and long-term socio-economic mobility.

Key Data Insights & Household Impacts

- **Gender-Disaggregated Exclusion:** Among tertiary-educated young women classified as NEET, **74.7%** remain completely outside the labor force—neither working nor actively seeking employment due to social expectations or lack of viable opportunities.
- **Depressed Household Consumption:** One in five households (**20.8%**) with tertiary-educated youth supports at least one unemployed young adult. These households spend, on average, **₹1,087 less per month on overall consumption** and **₹710 less per household member** compared to households without educated unemployed youth.

- **Earning Capacity & Job Precarity:**
  - Affected households average only **1.5 earning members** (versus 2.0 in non-affected households).
  - **14.4%** of these households have no active earning member at all, while **39.5%** rely on a single income source.
  - In **62.5%** of these households, no member holds a regular salaried job, leaving them reliant on informal, seasonal, or insecure work.
- **Prolonged Unemployment Traps:58%** of unemployed tertiary-educated youth have been seeking work for over a year, and **28.9%** for more than two years. Extended search periods deplete household savings, forcing candidates to abandon aspirational matching and accept underemployed, sub-optimal "any-job" arrangements to prevent immediate economic distress.

Static UPSC Dimensions

- **Sociology & Social Issues:**
  - **Social Mobility vs. Status Trap:** Education in developing nations is viewed as a primary vehicle for upward mobility. Prolonged unemployment transforms higher education from an asset into a financial drain, risking downward mobility for lower-middle-class families.
  - **Gender Roles:** The concentration of educated female NEETs outside the formal labor force highlights structural domestic burdens and systemic barriers to formal female labor force participation (FLFP).
- **Governance & Social Justice:**
  - **Public Recruitment Deficits:** Delayed recruitment cycles, frequent examination paper leaks, and administrative backlogs directly extend the financial burden borne by vulnerable families.
  - **Demographic Dividend Risk:** Without timely absorption of educated youth into productive roles, India risks converting its demographic window of opportunity into a period of heightened social unrest and household debt.
- **Indian Economy & Employment:**
  - **Underemployment & Distress Absorption:** Jobseekers facing extended unemployment are forced into informal, low-productivity roles, diluting overall human capital and skewing employment quality.
  - **Supply-Side Policy Gaps:** Skill development programs (e.g., PMKVY) and hiring incentives primarily address individual readiness but fail to address demand-side job creation or structural waiting costs.

Policy Imperatives

- **Reduce Examination & Recruitment Delays:** Establish strict, legally mandated timelines for state and central public service commission examinations, interview schedules, and job offer rollouts to minimize waiting periods.
- **Targeted Household Social Safety Nets:** Design unemployment support mechanisms or income-contingent stipends targeted at single-earner or non-salaried households supporting long-term jobseekers.
- **Demand-Side Job Creation:** Shift policy focus from basic skilling incentives toward structural industrial policy—expanding labor-intensive manufacturing, formal services, and regional economic hubs to absorb tertiary graduates.

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

Conclusion

Youth unemployment in India is fundamentally a family-level financial crisis. Treating joblessness as an individual transition period misses the systemic strain placed on millions of households supporting prolonged job searches. Policy must transition from supply-side skilling models toward reducing administrative delays in recruitment, addressing demand-side job deficits, and factoring household economic vulnerabilities into national employment strategies. Transforming India's demographic promise into sustainable growth requires protecting the financial stability of the families investing in that future.