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Daily News Analysis

The Hindu Important News Articles For UPSC CSE

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Page 05:GS II : International Relations / Preliminary Examination

The article details the expansion of India-Belgium strategic relations during Belgian Prime Minister Bart De Wever's official visit to New Delhi. The talks focused on three key areas: expanding bilateral defense cooperation, enhancing economic integration, and aligning on global security issues.

The defense partnership saw the signing of three government-to-government agreements and several private sector defense pacts, alongside India's decision to appoint a dedicated Defence Attaché in Brussels. On the trade front, both nations established a fast-track trade mechanism to double bilateral trade over the next five years, emphasizing open markets and opposing unilateral tariffs. Geopolitically, the leaders advocated for peaceful, dialogue-driven resolutions to ongoing conflicts in Ukraine and West Asia, while reaffirming a zero-tolerance approach to terrorism and securing critical maritime trade lanes.

India and Belgium ramp up bilateral defence cooperation

After meeting his Belgian counterpart, Prime Minister calls for ending conflicts in Ukraine and West Asia through dialogue; three government-level defence agreements signed; two sides also announce the establishment of a fast trade mechanism

Kallol Bhattacherjee
NEW DELHI

Prime Minister Narendra Modi on Thursday called for dialogue and diplomacy to end the ongoing conflicts in Ukraine and West Asia.

Mr. Modi made the remarks while welcoming Belgian Prime Minister Bart De Wever here, where the two sides ramped up bilateral defence cooperation by signing three government-level defence agreements.

Belgian sources informed that at least 10 private defence agreements will be sealed during the visit that will include production of Belgian military items such as rockets in India.

"Whether it is Ukraine or West Asia, we support all efforts aimed at an early end to conflicts and the restoration of peace. And eliminating terrorism in all its forms and manifestations is our shared commitment," Mr. Modi said in his remarks after he and Mr. De Wever discussed global and regional issues.

Boosting ties: Prime Minister Narendra Modi with Prime Minister of Belgium Bart De Wever in New Delhi. SUSHIL KUMAR VERMA

Paid tributes

The two leaders also paid tributes to the more than 9,000 Indian soldiers who perished in the Flanders Fields during the First World War. A Joint Statement issued at the end of the discussions announced that the two leaders called for "safety and security of maritime routes and maintaining safe and unimpeded maritime shipping" in the context of the conflicts in West Asia and Ukraine.

The Belgian dignitary expressed support to India's campaign against cross-border terrorism and condemned the Pahalgam terror attack.

In his remarks at an event organised by the CII (Confederation of Indian Industry), the Belgian leader described the current global situation as "turbulent" and called for free trade and end to unilateral imposition of tariffs.

The two governments signed a Letter of Intent of Defence Cooperation, an MoU between Belgian Security and Defence Industry and Society of Indian Defence Manufacturers, and an MoU between the Central Bureau of Investigation and Belgium Federal Police on cooperation in combating transnational organised crime, cybercrime and related matters.

"Our security does not stop at our borders. That is why we need to work more closely with strong partners such as India – militarily, technologically and industrially," said Belgian Defence Minister Theo Francken.

On this occasion, India announced that a Defence Attache will be appointed at the Indian Embassy in Brussels. The visit included defence partnerships between Belgian and Indian defence majors. "Today, India and Europe are speaking the language of trade with renewed conviction, a language of peace, of progress and of prosperity," said Mr. De Wever.

The two sides announced the establishment of a fast trade mechanism that will deal with trade and investment and announced that bilateral trade will be doubled in the next five years. They also announced the establishment of Consular Dialogue between New Delhi and Brussels.

Key Takeaways & Analytical Points

- **Defense & Industrial Collaboration:** Signing of government agreements and private defense manufacturing pacts (e.g., rocket production in India) reflects a shift toward co-production, aligned with India's Atmanirbhar Bharat initiative.

- **Strategic Representation in Europe:** Appointing a dedicated Indian Defence Attaché in Brussels strengthens defense diplomacy with both Belgium and European defense bodies headquartered in Brussels.
- **Economic Fast-Tracking:** Establishing a fast-track trade mechanism aims to double bilateral trade over 5 years, signaling a push to deepen India-EU economic ties while navigating global protectionism.
- **Geopolitical & Maritime Alignment:** Joint focus on maritime trade safety in response to West Asian and European conflicts underscores shared interest in keeping global sea lines of communication (SLOCs) open.
- **Counter-Terrorism & Legal Cooperation:** An MoU between the CBI and the Belgian Federal Police enhances intelligence sharing against cross-border terrorism, cybercrime, and transnational organized crime.

Related UPSC Static Dimensions

- **GS Paper II (International Relations):**

- **India-Belgium Bilateral Relations:** Historical ties (e.g., Indian soldiers in Flanders Fields during WWI) and modern economic cooperation (diamond trade, port logistics, defense).
- **India-European Union (EU) Dynamics:** Strategic importance of Brussels as the administrative heart of the EU and NATO.
- **Institutional Security Frameworks:** Intelligence-sharing MoUs, police cooperation against transnational organized crime, and counter-terrorism measures.

- **GS Paper III (Defense & Internal Security):**
  - **Defense Industrial Modernization:** Defense offset policies, technology transfer, and joint ventures under Make in India/Atmanirbhar Bharat.
  - **Maritime Security:** Protection of Sea Lines of Communication (SLOCs) and freedom of navigation under UNCLOS.

Conclusion:

The bilateral summit between India and Belgium highlights the expanding scope of India's European outreach, extending beyond commercial trade into core defense manufacturing, security intelligence, and maritime cooperation. Positioned at the heart of European decision-making, Belgium serves as a vital partner for India to deepen defense-industrial ties and secure resilient trade corridors amidst global trade fragmentation.

UPSC Prelims Practice Questions

Question: Which of the following best describes defence co-production?

A. Importing complete defence platforms without domestic participation

B.Only purchasing military equipment through government-to-government contracts

C. Joint manufacture of defence equipment involving domestic industrial capabilities

D. Providing military training without industrial collaboration

Ans:C)

UPSC Mains Practice Questions

Question:"India's engagement with Europe is gradually moving from predominantly commercial diplomacy towards comprehensive strategic partnerships." Discuss with reference to India-Belgium relations.**(10 Marks, 150 Words)**

Page 07 : GS II : Social Justice / Preliminary Examination

The news report highlights key findings from the 176th Report of the Parliamentary Standing Committee on Health and Family Welfare, titled 'Affordability and Accessibility of Healthcare Facilities in Public and Private Sector'. The report underscores a structural vulnerability in India's health architecture: over 40 crore individuals—termed the **"Missing Middle"**—lack comprehensive financial protection against health shocks.

Quest for better facilities: The threat is the slow erosion of household income through medicines, tests and repeated treatment. G.N. RAO

More than 40 crore Indians are caught in a healthcare gap: panel

Bindu Shajan Perappadan

More than 40 crore Indians — over a quarter of the population — are caught in a healthcare gap — too well off to rely on government subsidies, but not financially secure enough to absorb the rising cost of private care, a Parliamentary Standing Committee on Health and Family Welfare has flagged.

Its latest report, 'Affordability and Accessibility of Healthcare Facilities in Public and Private Sector,' presented to Parliament last month, makes 368 recommendations on affordability, accessibility and regulation.

Where care is sought

The vulnerability is rooted in where Indians seek care, states the report, with more than 60% of inpatient care and 70% of outpatient care delivered by the private sector, leaving households without comprehensive financial protection exposed to private prices.

The burden extends beyond hospitalisation, with medicines accounting for nearly 30% of current health expenditure, according to the committee. More worryingly for people with diabetes, hypertension or cardiovascular disease, medicines, consultations and diagnostic tests can become a lifelong expense given that India is registering a steady increase in non-communicable disease burden.

This exposes a structural fault line in the healthcare system where the poorest have government protection; the affluent can buy private care, but the vast group in between is increasingly exposed to high costs without adequate financial protection.

For the 'missing middle', the threat may therefore not be a single catastrophic medical bill, but the slow erosion of household income through medicines, consultations, tests and repeated treatment.

The committee has linked this vulnerability to low public spending on health. Government health expenditure is 1.43% of GDP, against the 2.5% target under the National Health Policy, 2017. Health spending as a share of total government expenditure also fell from 6.12% in 2021-22 to 4.89% in 2022-23, below the 5.02% recorded in 2019-20.

The consequences are visible in the cost of care. Average out-of-pocket spending on childbirth is ₹37,630 in private facilities against ₹2,299 in public facilities — more than 16 times higher.

Government schemes such as Ayushman Bharat-PM-JAY provide hospitalisation protection to vulnerable households, but the 'missing middle' often falls outside fully subsidised coverage. Private insurance, meanwhile, can leave households facing premiums, exclusions, waiting periods and co-payments.

What is needed

The committee has therefore argued that insurance alone cannot close the gap. It has called for stronger public healthcare infrastructure, nationwide implementation of the Clinical Establishments Act, mandatory quality standards and greater price transparency in private facilities.

It has also flagged retail pharmacy practices, including excessive trade margins and the non-prescription sale of antibiotics, recommending stronger audits and enforcement. The committee's recommendations point to a problem larger than insurance coverage. The unresolved question is how to protect the millions who fall between the two.

(bindu.p@thehindu.co.in)

This demographic sits above the poverty threshold for fully subsidized government safety nets (like Ayushman Bharat PM-JAY), yet lacks the disposable income to afford escalating private healthcare and insurance costs. Given that over 60% of inpatient care and 70% of outpatient care occur in the private sector, households face continuous income erosion driven by out-of-pocket expenditure (OOPE) on medicines, diagnostics, and non-communicable disease (NCD) management.

Key Takeaways & Analytical Points

- **The "Missing Middle" Paradox:** Over a quarter of India's population (~40 crore) remains excluded from social health protection, suffering from a slow erosion of household wealth rather than just single catastrophic events.
- **Stagnant Public Spending:** Government Health Expenditure stands at **1.43% of GDP** (against the National Health Policy 2017 target of 2.5%), with health's share in total government spending declining to 4.89% in 2022–23.
- **Extreme Disparity in Care Costs:** Private hospitalisation costs are nearly eight times higher than in public facilities, with private childbirth expenditures (₹37,630) exceeding public facilities (₹2,299) by over sixteen times.
- **Dominance of Outpatient & Pharmacy Burden:** Medicines account for nearly 30% of total health expenditure, with outpatient care (OPD) remaining largely unaddressed by standard insurance models.
- **Systemic Regulatory Gaps:** Unregulated retail pharmacy trade margins, non-prescription antibiotic sales, and the non-uniform enforcement of the Clinical Establishments Act, 2010 continue to inflate baseline care costs.

Related UPSC Static Dimensions

- **GS Paper II (Governance & Social Justice):**
  - **Issues Related to Health Sector:** Out-of-Pocket Expenditure (OOPE), Universal Health Coverage (UHC), and the structure of Ayushman Bharat (PM-JAY).
  - **Regulatory Frameworks:** Clinical Establishments (Registration and Regulation) Act, 2010, Drug Price Control Orders (DPCO), and National Essential Medicines List (NEML).

  - **Public Expenditure Allocation:** Fiscal devolution, National Health Policy (NHP) 2017 targets, and Centre-State financing ratios in health.

- **GS Paper III (Indian Economy):**
  - **Poverty & Vulnerability Transitions:** How non-catastrophic medical expenses (OPD, chronic NCDs) push non-poor middle-income households back into poverty.
  - **Human Capital & Productivity:** The macroeconomic cost of an unhealthy workforce and high medical inflation (10–13% annually).

Conclusion:

The Parliamentary Committee's report makes it clear that expanding tertiary hospital insurance (PM-JAY) alone cannot achieve Universal Health Coverage. Resolving the crisis of the "missing middle" requires a structural strategy: raising public health spending toward 2.5% of GDP, regulating private hospital tariffs through the Clinical Establishments Act, expanding Jan Aushadhi Kendras for low-cost generic drugs, and introducing affordable, standardized contributory health insurance tailored for middle-income households.

UPSC Prelims Exam Study Questions

Question: With reference to the "Missing Middle" in India's healthcare system, consider the following statements:

1. It refers to people who may not qualify for fully subsidised health protection but cannot comfortably afford private healthcare and insurance.

2. It represents a challenge to Universal Health Coverage.

3. Its healthcare vulnerability is limited only to catastrophic hospitalisation expenses.

Which of the statements given above is/are correct?

A. 1 and 2 only

B. 2 only

C. 1 and 3 only

D. 1, 2 and 3

Ans: A)

UPSC Mains Exam Study Questions

Question: "The biggest challenge to Universal Health Coverage in India is not merely lack of healthcare infrastructure but inadequate financial protection." Discuss.**(10 Marks, 150 Words)**

Page 08 :GS II : International Relations / Preliminary Examination

The news "Forging consensus" examines Indian Prime Minister Narendra Modi's participation in the 26th Shanghai Cooperation Organisation (SCO) Council of Heads of State summit in Bishkek, Kyrgyzstan, marking 25 years of the Eurasian grouping. Set against a tense geopolitical backdrop—characterized by trade tariffs, regional instability following US-Israel military action against Iran, and persistent cross-border terrorism—the summit highlighted India's complex balancing act within Eurasian multilateralism.

India used the platform to reinforce its anti-terror consensus, pushing for strong language against "double standards" and terror safe havens—a direct reference to Pakistan, which now assumes the rotating SCO chairmanship. Simultaneously, India used the Bishkek visit to recalibrate ties with Central Asian Republics (CARs) and lay diplomatic groundwork ahead of hosting the upcoming BRICS summit in New Delhi. The editorial underscores that amidst changing security dynamics and regional alignments, India must deepen proactive engagement across regional multilateral groups.

Forging consensus

India must broaden engagement with regional multilateral groups

Prime Minister Narendra Modi's attendance at the annual meeting of Shanghai Cooperation Organisation (SCO) leaders in Bishkek, Kyrgyzstan, marking 25 years of the Eurasian grouping, had a multi-pronged agenda. This was an occasion to meet his counterparts, for the first time since the U.S.-Israel war on Iran began more than six months ago, which has inflicted economic costs on the whole grouping. The grouping includes Iran, as well as Pakistan that has emerged a mediator between Iran and the U.S., and the Bishkek declaration that condemned the U.S. and Israel's attacks on Iran and supported Iran's right to peaceful nuclear technology under the NPT, was significant. Many of the SCO members are also in the BRICS grouping who Mr. Modi will host in Delhi on September 12-13 – this includes Russian President Vladimir Putin, Chinese President Xi Jinping and Iranian President Masoud Pezeshkian. New Delhi is keen to forge consensus on a joint declaration, which has been difficult due to UAE-Iran tensions and Mr. Modi's discussions with Mr. Pezeshkian included BRICS cooperation. India's ties with the Central Asian Republics have flagged due to other preoccupations, making Mr. Modi's visits to Tashkent and Bishkek, and meetings with regional leaders this time, an important initiative to revive talks on trade, critical minerals, tourism and other areas. As Pakistan takes over the SCO chairmanship, the Bishkek Summit allowed Mr. Modi to set out India's agenda for the coming year. His speech at the Summit focused on the importance of dismantling the ecosystem of "terrorist financing, recruitment, radicalisation, and safe havens", calling on the SCO to eschew "double standards" on terrorism. He also pressed for a strong message to countries that "use terrorism as an instrument of policy and provide safe haven and support to terrorists" – a pointed reference to India's oft-repeated concerns about Pakistan. The Bishkek declaration's inclusion of strong language on "all forms" of terrorism, including cross-border, has thus been welcomed by New Delhi. It remains to be seen how far the Pakistan presidency will take these ideas forward.

Compared to the high-octane optics and the Modi-Putin-Xi handshake at the 2025 Tianjin SCO Summit, this year's summit was relatively sombre. The U.S.'s tariffs, its war with Iran and sanctions on Russia have damaged economic security, energy security and connectivity (the Hormuz Strait blockade), and pose major challenges to the grouping. For India, after tensions with Pakistan had peaked last year after the Pahalgam attacks and the four-day conflict, the past year has been sobering, given Pakistan's diplomatic forays with the U.S., and the new security pact with Saudi Arabia and Türkiye. In the altered geopolitical framing, India must seek to broaden its engagement with all regional multilateral organisations such as the SCO.

Key Takeaways & Analytical Points

- **Counter-Terrorism & Anti-Double-Standards Messaging:** India successfully secured consensus in the Bishkek Declaration rejecting "double standards" on terrorism and targeting cross-border movement, terror recruitment, and safe havens.
- **Navigating West Asian Instability:** The Bishkek Summit condemned strikes on Iranian territory and reaffirmed support for diplomatic resolutions under international law, reflecting shared Eurasian concerns over maritime choke-point disruptions (e.g., the Strait of Hormuz) and energy insecurity.
- **Central Asian Outreach & BRICS Continuity:** The summit provided a critical touchpoint to revitalize India's flagging engagement with Central Asian Republics on trade, critical minerals, and connectivity, while building alignment with leaders (Russia, China, Iran) ahead of the Delhi BRICS summit.
- **Shift in Regional Security Dynamics:** Tensions following past conflicts and diplomatic moves—such as Pakistan's new security ties with Saudi Arabia and Türkiye and outreach to the US—necessitate that India maintain active diplomatic involvement across Eurasian forums.
- **Sovereignty-Led Connectivity:** India reiterated its core stance that regional infrastructure and supply-chain initiatives must respect the national sovereignty and territorial integrity of all member states.

Related UPSC Static Dimensions

- **GS Paper II (International Relations & Multilateral Institutions):**
  - **Shanghai Cooperation Organisation (SCO):** Structure, RATS (Regional Anti-Terrorist Structure), Eurasia's geopolitical weight, and the challenge of balancing multi-alignment.
  - **India's "Connect Central Asia" Policy:** Strategic imperatives, trade corridors (INSTC, Chabahar Port), and access to critical mineral reserves in Central Asia.
  - **Cross-Border Terrorism & International Law:** UN Security Council Resolutions, FATF mechanisms, and multilateral counter-terrorism frameworks.
- **GS Paper III (Internal & Regional Security):**
  - **Energy & Maritime Security:** Vulnerability of global Sea Lines of Communication (SLOCs), oil price shocks, and raw material supply chain disruptions during regional wars.

Conclusion:

The Bishkek SCO summit highlights India's commitment to strategic autonomy through pragmatic multilateralism. While internal contradictions within the SCO—such as differing views on state-sponsored terrorism and geopolitical rivalries—persist, the forum remains indispensable for India to secure its Eurasian backyard, safeguard energy channels, and counter cross-border security threats. As regional security challenges grow more complex, India's path lies in leveraging forums like the SCO to protect its core national interests while driving economic and strategic connectivity across Eurasia.

UPSC Prelims Practice Questions

Question: The Regional Anti-Terrorist Structure (RATS) of the SCO is primarily associated with:

A. Monetary integration among SCO members

B. Regulation of regional trade tariffs

C. Management of Central Asian water resources

D. Counter-terrorism and security cooperation

Ans: D)

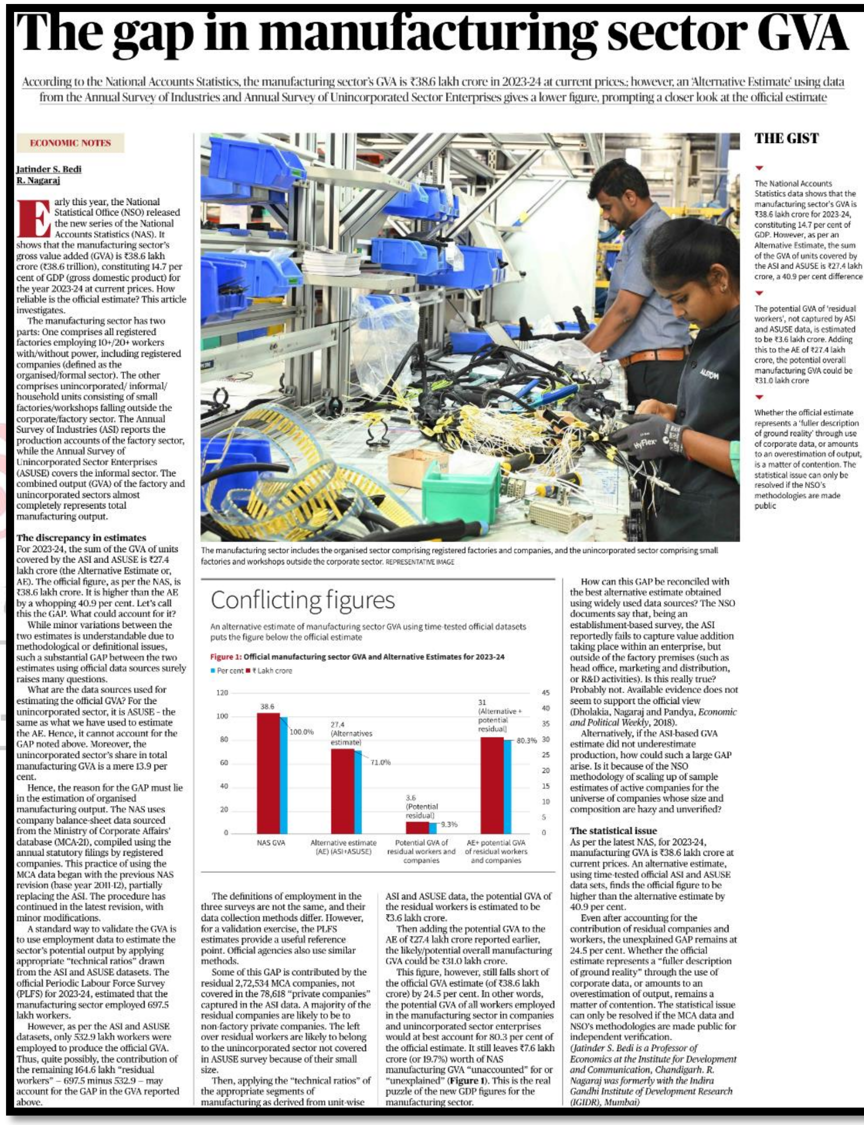
UPSC Mains Practice Questions

Question:"The SCO represents both an opportunity and a challenge for India's strategic autonomy." Examine. **(10 Marks, 150 Words)**

Page 10:GS III : Indian Economy / Preliminary Examination

The article by economists Jatinder S. Bedi and R. Nagaraj examines the divergence between official government estimates of India's manufacturing Gross Value Added (GVA) and independent calculations derived from survey datasets. The official National Accounts Statistics (NAS) estimates the manufacturing GVA for 2023–24 at ₹38.6 lakh crore (14.7% of GDP). However, an "Alternative Estimate" (AE) combining data from the Annual Survey of Industries (ASI) for organized factories and the Annual Survey of Unincorporated Sector Enterprises (ASUSE) for informal units yields only ₹27.4 lakh crore—creating a 40.9% gap.

Even after accounting for potential "residual workers" (identified via the Periodic Labour Force Survey) and uncaptured corporate entities, the potential GVA reaches only ₹31.0 lakh crore, leaving an unexplained gap of ₹7.6 lakh crore (19.7%). The authors attribute this disparity to the National Statistical Office's (NSO) reliance on the Ministry of Corporate Affairs (MCA-21) database and its scaling-up methodology, calling for public transparency regarding MCA datasets and estimation methods to verify whether official numbers accurately reflect ground reality or overestimate output.



The gap in manufacturing sector GVA

According to the National Accounts Statistics, the manufacturing sector's GVA is ₹38.6 lakh crore in 2023-24 at current prices.; however, an 'Alternative Estimate' using data from the Annual Survey of Industries and Annual Survey of Unincorporated Sector Enterprises gives a lower figure, prompting a closer look at the official estimate

ECONOMIC NOTES

Jatinder S. Bedi
R. Nagaraj

Early this year, the National Statistical Office (NSO) released the new series of the National Accounts Statistics (NAS). It shows that the manufacturing sector's gross value added (GVA) is ₹38.6 lakh crore (₹38.6 trillion), constituting 14.7 per cent of GDP (gross domestic product) for the year 2023-24 at current prices. How reliable is the official estimate? This article investigates.

The manufacturing sector has two parts: One comprises all registered factories employing 10+/20+ workers with/without power, including registered companies (defined as the organised/formal sector). The other comprises unincorporated/ informal/ household units consisting of small factories/workshops falling outside the corporate/factory sector. The Annual Survey of Industries (ASI) reports the production accounts of the factory sector, while the Annual Survey of Unincorporated Sector Enterprises (ASUSE) covers the informal sector. The combined output (GVA) of the factory and unincorporated sectors almost completely represents total manufacturing output.

The discrepancy in estimates

For 2023-24, the sum of the GVA of units covered by the ASI and ASUSE is ₹27.4 lakh crore (the Alternative Estimate or, AE). The official figure, as per the NAS, is ₹38.6 lakh crore. It is higher than the AE by a whopping 40.9 per cent. Let's call this the GAP. What could account for it?

While minor variations between the two estimates is understandable due to methodological or definitional issues, such a substantial GAP between the two estimates using official data sources surely raises many questions.

What are the data sources used for estimating the official GVA? For the unincorporated sector, it is ASUSE - the same as what we have used to estimate the AE. Hence, it cannot account for the GAP noted above. Moreover, the unincorporated sector's share in total manufacturing GVA is a mere 13.9 per cent.

Hence, the reason for the GAP must lie in the estimation of organised manufacturing output. The NAS uses company balance-sheet data sourced from the Ministry of Corporate Affairs' database (MCA-21), compiled using the annual statutory filings by registered companies. This practice of using the MCA data began with the previous NAS revision (base year 2011-12), partially replacing the ASI. The procedure has continued in the latest revision, with minor modifications.

A standard way to validate the GVA is to use employment data to estimate the sector's potential output by applying appropriate "technical ratios" drawn from the ASI and ASUSE datasets. The official Periodic Labour Force Survey (PLFS) for 2023-24, estimated that the manufacturing sector employed 697.5 lakh workers.

However, as per the ASI and ASUSE datasets, only 532.9 lakh workers were employed to produce the official GVA. Thus, quite possibly, the contribution of the remaining 164.6 lakh "residual workers" – 697.5 minus 532.9 – may account for the GAP in the GVA reported above.

The manufacturing sector includes the organised sector comprising registered factories and companies, and the unincorporated sector comprising small factories and workshops outside the corporate sector. REPRESENTATIVE IMAGE

Conflicting figures

An alternative estimate of manufacturing sector GVA using time-tested official datasets puts the figure below the official estimate

Figure 1: Official manufacturing sector GVA and Alternative Estimates for 2023-24

The definitions of employment in the three surveys are not the same, and their data collection methods differ. However, for a validation exercise, the PLFS estimates provide a useful reference point. Official agencies also use similar methods.

Some of this GAP is contributed by the residual 2,72,534 MCA companies, not covered in the 78,618 "private companies" captured in the ASI data. A majority of the residual companies are likely to be to non-factory private companies. The left over residual workers are likely to belong to the unincorporated sector not covered in ASUSE survey because of their small size.

Then, applying the "technical ratios" of the appropriate segments of manufacturing as derived from unit-wise ASI and ASUSE data, the potential GVA of the residual workers is estimated to be ₹3.6 lakh crore.

Then adding the potential GVA to the AE of ₹27.4 lakh crore reported earlier, the likely/potential overall manufacturing GVA could be ₹31.0 lakh crore.

This figure, however, still falls short of the official GVA estimate (of ₹38.6 lakh crore) by 24.5 per cent. In other words, the potential GVA of all workers employed in the manufacturing sector in companies and unincorporated sector enterprises would at best account for 80.3 per cent of the official estimate. It still leaves ₹7.6 lakh crore (or 19.7%) worth of NAS manufacturing GVA "unaccounted" for or "unexplained" (**Figure 1**). This is the real puzzle of the new GDP figures for the manufacturing sector.

How can this GAP be reconciled with the best alternative estimate obtained using widely used data sources? The NSO documents say that, being an establishment-based survey, the ASI reportedly fails to capture value addition taking place within an enterprise, but outside of the factory premises (such as head office, marketing and distribution, or R&D activities). Is this really true? Probably not. Available evidence does not seem to support the official view (Dholakia, Nagaraj and Pandya, *Economic and Political Weekly*, 2018).

Alternatively, if the ASI-based GVA estimate did not underestimate production, how could such a large GAP arise. Is it because of the NSO methodology of scaling up of sample estimates of active companies for the universe of companies whose size and composition are hazy and unverified?

The statistical issue

As per the latest NAS, for 2023-24, manufacturing GVA is ₹38.6 lakh crore at current prices. An alternative estimate, using time-tested official ASI and ASUSE data sets, finds the official figure to be higher than the alternative estimate by 40.9 per cent.

Even after accounting for the contribution of residual companies and workers, the unexplained GAP remains at 24.5 per cent. Whether the official estimate represents a "fuller description of ground reality" through the use of corporate data, or amounts to an overestimation of output, remains a matter of contention. The statistical issue can only be resolved if the MCA data and NSO's methodologies are made public for independent verification.

(Jatinder S. Bedi is a Professor of Economics at the Institute for Development and Communication, Chandigarh. R. Nagaraj was formerly with the Indira Gandhi Institute of Development Research (IGIDR), Mumbai)

THE GIST

The National Accounts Statistics data shows that the manufacturing sector's GVA is ₹38.6 lakh crore for 2023-24, constituting 14.7 per cent of GDP. However, as per an Alternative Estimate, the sum of the GVA of units covered by the ASI and ASUSE is ₹27.4 lakh crore, a 40.9 per cent difference

The potential GVA of 'residual workers', not captured by ASI and ASUSE data, is estimated to be ₹3.6 lakh crore. Adding this to the AE of ₹27.4 lakh crore, the potential overall manufacturing GVA could be ₹31.0 lakh crore

Whether the official estimate represents a 'fuller description of ground reality' through use of corporate data, or amounts to an overestimation of output, is a matter of contention. The statistical issue can only be resolved if the NSO's methodologies are made public

Key Takeaways & Analytical Points

- **The 40.9% Discrepancy:** The gap between the official NAS manufacturing GVA (₹38.6 lakh crore) and the alternative survey-based estimate (₹27.4 lakh crore) highlights a major statistical divergence in national accounting.

- **Methodological Origin (MCA-21 vs. ASI/ASUSE):** The gap stems from the organised sector's estimation. The NAS relies on corporate balance-sheet filings from the MCA-21 database, whereas the alternative estimate uses establishment-based production surveys (ASI and ASUSE).

- **Employment & Labor Validation:** Cross-validating with PLFS employment data (697.5 lakh manufacturing workers) leaves 164.6 lakh "residual workers" unaccounted for in primary surveys. Monetizing their potential output adds ₹3.6 lakh crore, yet leaves a persistent, unexplained gap of ₹7.6 lakh crore (19.7% of official GVA).

- **Rejection of the Enterprise Premises Argument:** The official stance that ASI misses non-factory value addition (e.g., corporate HQs, R&D, marketing) is contested by empirical studies.
- **Call for Data Transparency:** Reconciling the discrepancy requires making the raw MCA-21 data and the NSO's blow-up/scaling-up methodologies accessible for independent academic audit.

Related UPSC Static Dimensions

- **GS Paper III (Indian Economy & Statistics):**
  - **National Income Accounting:** Methods of calculating GDP/GVA (Production, Income, Expenditure approach) and base-year revisions (e.g., 2011–12 series transition to MCA-21).
  - **Data Sources in India:** Annual Survey of Industries (ASI), ASUSE, Periodic Labour Force Survey (PLFS), and National Accounts Statistics (NAS) published by the NSO (MoSPI).
  - **Informal vs. Formal Sector Estimation:** Challenges in capturing informal/unincorporated enterprise output and labor productivity.
  - **Manufacturing Sector Performance:** Targets under the National Manufacturing Policy, Make in India, and the share of manufacturing in India's GDP (target vs. actual).
- **GS Paper II (Governance & Transparency):**
  - **Data Integrity & Institutional Governance:** Reliability of official statistical systems, data accessibility, and the role of the National Statistical Commission (NSC).

Conclusion:

The analysis underscores a fundamental challenge in India's economic statistics: balancing modern corporate reporting systems (MCA-21) with traditional field-based establishment surveys (ASI/ASUSE). Resolving this ₹7.6 lakh crore valuation gap is essential for sound macroeconomic policymaking, accurate sectoral planning, and maintaining international credibility in India's national accounts. Policy decisions—ranging from industrial incentives to trade tariffs—require transparent, auditable, and reliable manufacturing data.

UPSC Prelims Practice Questions

Question: With reference to Gross Value Added (GVA), consider the following statements:

1. GVA measures the value of goods and services produced after deducting intermediate consumption.

2. GDP can be derived from GVA by making appropriate adjustments for taxes and subsidies on products.

3. GVA and GDP are conceptually identical measures.

Which of the statements given above are correct?

A. 1 and 2 only

B. 1 only

C. 2 and 3 only

D. 1, 2 and 3

Ans: A)

UPSC Mains Exam Study Questions

Question: "The quality of economic policymaking is fundamentally dependent upon the quality of economic statistics." Discuss in the context of India's manufacturing GVA estimates.**(10 Marks, 150 Words)**

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Page 13:GS III : Indian Economy / Preliminary Examination

The India's Ministry of Statistics and Programme Implementation (MoSPI) has released a concept paper proposing an experimental statistical framework to value the country's marine fish stocks. Based on the **UN System of Environmental-Economic Accounting (SEEA)**, this push aims to transition national accounting from measuring year-on-year extraction (gross production) to assessing the underlying wealth of marine capital.

India ranks as the second-largest fish-producing country, contributing roughly **8% to global production**. By integrating blue natural capital into national accounts, India joins an elite group of nations—including Norway, Australia, Canada, and the UK—attempting to quantify ocean wealth and manage climate-induced risks.

Key Pillars of the SEEA Accounting Methodology

The proposed framework relies on a multi-stage process to convert ecological data into economic monetary values:

- **Defining Accounting Units:** Identifying commercially, economically, and ecologically significant marine species within India's Exclusive Economic Zone (EEZ).

New Delhi to quantify ocean wealth, climate risks in new accounting push

By assigning a monetary value to marine fish stocks (found in both coastal and inland within exclusive economic zones or EEZs), India is moving towards measuring the wealth contained in oceans; fishing is a cornerstone of India's blue economy, supporting nearly 30 million livelihoods

NEWS ANALYSIS

Santosh V. Perumal

India's sustainable blue economy is all set to get a fillip with the MoSPI (Ministry of Statistics and Programme Implementation) now beginning an unusual and potentially important statistical experiment of valuing the country's marine fish resources.

The MoSPI's concept paper 'Methodological Approach for Compilation of Experimental Monetary Asset Accounts of Marine Fish Resources' – on the basis of the U.N. System of Environmental-Economic Accounting (SEEA), a global framework of linking environment with economic accounts – is a significant shift in measuring the India's natural resources, the second largest fish-producing country in the world, which accounts for 8% of the global production.

By assigning a monetary value to marine fish stocks (found in both coastal and inland within exclusive economic zones or EEZs), India is moving towards measuring the wealth contained in oceans. The fishing industry is a cornerstone of India's blue economy, supporting nearly 30 million livelihoods, while contributing significantly to exports.

The logic is straightforward. Fish in the sea, a natural capital asset; caught during the year represent a flow of economic benefits from that asset.

Marine fish form a major component of India's capture fisheries.

Total fish production in FY25 was reported to be 19.77 million metric tonnes (MMT), of which 77% were from inland and 23% were from marine sector. The sector's contribution was an estimated ₹1.76 lakh crore, or 1.09% to the national gross value added in 2023-24. India's total marine fish production was 46.15 lakh tonnes in 2024-25, compared to 34.43 lakh tonnes in the 2013-14, reflecting the expansion of marine fisheries over time.

More than 350 varieties of marine products – including frozen fish, squid, cuttlefish, and dried items – have found their way to 130 international markets. In FY25, export of marine products was 1.7 MMT, valued at ₹62,408.45 crores, growing annually by 3.11% (in volume).

These figures however do not show whether commercially important marine fish stocks can sustain similar production in the future.

Yet aggregate production figures alone cannot reveal the changing value of individual species, regional fish stocks, or the long-term impact of fishing pressure and environmental change.

Sea change: India's blue economy now stands at a pivotal juncture. PTI

> Fish in the sea, a natural capital asset; caught during the year represent a flow of economic benefits from that asset

India joins elite few

Although there are constraints of measuring a living, mobile and constantly changing asset; if the move becomes successful, India would join a very small group of countries, which includes Australia, Netherlands, Norway, Canada, U.K., France, U.S. and New Zealand, in attempting to integrate blue natural capital into national accounts.

India's attempt comes at a time when the global experience is still at an experimental and pilot stage. Moreover, the SEEA-Fisheries' conceptual guidance appears outdated.

The Organisation of Economic Cooperation and Development notes that for aquatic resources, "only a handful of countries" are at present compiling monetary asset accounts, unlike forests or minerals where methodologies are more mature.

India – which has been compiling environmental accounts since 2018 through its EnviStats India programme, covering assets such as land, water, forests, minerals and pollination – still does not have a regular, comprehensive blue economy GDP series comparable with agriculture or manufacturing. Nevertheless, the available numbers suggest blue economy to be around 4% of GDP.

Highlighting the growing importance of the sector, the latest Union Budget earmarked the highest-ever total annual support of ₹2,761.8 crore, as the PMMSY (Pradhan Mantri Matsya Sampada Yojana) continues to be the central pillar of the sectoral development with ₹2,500 crore in 2026-27.

India's vast coastline (of about 11,100 km), an EEZ of over 2 million sq km, and rich marine biodiversity offer immense potential to advance a $100-billion blue economy by 2030.

Blue Economy has multiple competing users and fisheries may compete with ports, tourism, offshore energy and coastal development for marine space. Integrated accounts can provide a common economic and environmental database for making such trade-offs more transparent.

New Delhi's statistically ambitious experiment could estimate the economic cost of climate-induced changes in marine resources as well as guide whether India should invest in additional fishing capacity, stock restoration or deep-sea fisheries.

NITI Aayog estimates India's EEZ resource potential at around 7.16 MMT, indicating opportunities for expansion but also warns that some deep-sea resources are vulnerable to overexploitation.

The accounting process

The first step is to define the accounting units, essentially, commercially, economically or ecologically important marine fish species to be covered. For every selected resource, there is a need to know whether it is regenerating, stable or being depleted (although India scans regular biomass estimates for commercially important stock). MoSPI therefore proposes using species-wise landing data for the preceding ten years as an initial proxy. Current landings would be compared with historical peaks to classify each stock.

The third stage is estimating the "asset life" of each resource; which acts as a bridge between fisheries science and economics; the next step involves core economic concept of calculating the resource rent – the income attributable to the natural resource after deducting labour, operating expenses, depreciation and a normal return on fishing vessels and other capital.

The expected future resource rents would then be projected over the stock's estimated asset life and discounted at a proposed 2% real rate to represent the estimated present value of the future economic benefits generated by that fish stock.

A marine fish asset account – statistical record incorporating physical condition and estimated economic value – is then finally arrived at. Unlike annual catch data, it seeks to show whether the resource that supports future fishing income is being maintained, depleted or regenerated.

However, there is a caveat that the experimental estimate is based primarily on proxy approaches necessitated by existing data limitations within the marine fisheries sector.

Core message

India's blue economy now stands at a pivotal juncture, balancing immense opportunities for growth with the responsibility to ensure sustainable and responsible use of marine resources, even as it must resist the temptation to attach monetary value to every ocean resource merely for statistical spectacle.

The real test is whether the valuation improves policy on better catch limits, sustainable harvesting, stronger coastal livelihoods and a clearer estimate of changes in national wealth.

- **Stock Assessment via Proxies:** Utilizing species-wise landing data from the preceding ten years to classify stocks as regenerating, stable, or depleted.

- **Determining Asset Life:** Bridging biological science and economics by estimating the lifespan of each specific marine resource based on historical extraction trends.

- **Calculating Resource Rent:** Deducting operational costs, labor, vessel depreciation, and normal capital returns from the gross production value to isolate the specific income generated by the natural resource itself.

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- **Net Present Value (NPV) Discounting:** Projecting expected resource rents over the estimated asset life and discounting them at a real rate of 2% to determine present capital value.

Strategic Significance for India's Blue Economy

- **Revealing True Natural Wealth:** Traditional GDP accounts track immediate catch value (contributing ~1.09% to National Gross Value Added in 2023–24). Asset accounting reveals whether harvest rates are degrading the capital stock required for future yields.
- **Managing Spatial & Policy Trade-offs:** Provides an empirical basis for resolving conflict between competing blue economy sectors—such as ports, offshore energy, coastal real estate, and traditional fisheries.
- **Targeting Capacity Investments:** Guides public expenditure (e.g., Pradhan Mantri Matsya Sampada Yojana) away from over-capitalizing depleted coastal zones toward sustainable deep-sea fisheries or stock restoration.
- **Climate Resilience & Risk Accounting:** Quantifies the economic costs of ocean warming, acidification, and shift in species distribution patterns on national wealth.

Challenges and Systemic Limitations

- **Data Gaps and Reliance on Proxies:** Landing data reflects fishing effort and market demand rather than actual living biomass in the sea, leading to potential inaccuracies.
- **Outdated Frameworks:** The SEEA-Fisheries global guidance remains mostly at an experimental stage and lacks standardization for dynamic, highly mobile living assets.
- **Over-Monetization Risk:** Risk of assigning purely commercial values to ecological resources while ignoring non-monetary ecosystem services like coastal protection, carbon sequestration, and biodiversity preservation.

Static Dimensions for Civil Services (UPSC) Syllabus Integration

1. General Studies Paper III (Economy & Environment)

- **SEEA Framework:** Standardized framework combining economic and environmental data to reflect dependencies and impacts.
- **Pradhan Mantri Matsya Sampada Yojana (PMMSY):** Flagship scheme targeting sustainable development of the fisheries sector with focus on inland, marine, and deep-sea aquaculture.

- **Exclusive Economic Zone (EEZ):** Under UNCLOS, a zone extending up to 200 nautical miles from the baseline where a coastal state has sovereign rights for exploring, exploiting, conserving, and managing natural resources.

2. General Studies Paper I (Geography)

- **Capture vs. Culture Fisheries:** Differentiation between wild extraction (marine capture) and farmed production (inland/coastal aquaculture).
- **Marine Biodiversity & EEZ Potential:** NITI Aayog estimates India's EEZ resource potential at 7.16 MMT across its ~11,100 km coastline.

Conclusion

MoSPI's shift toward marine resource accounting represents a necessary evolution from volume-driven production metrics to capital-preservation economics. However, statistical valuation must not remain an exercise in reporting numbers. The true test of this initiative lies in transforming these monetary accounts into actionable policy—establishing evidence-based catch limits, mitigating climate risks, preventing overfishing, and protecting the livelihoods of over 30 million people dependent on India's blue economy.

UPSC Mains Exam Study Questions

Question: "Natural capital accounting can reveal ecological depletion that conventional GDP-based accounting may conceal." Discuss with reference to India's marine fisheries.**(10 Marks, 150 Words)**

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Page :08 : Editorial Analysis

For newborns, the answer is hospital plus home

Abhay Bang

Physician and the founder of Society for Education, Action and Research in Community Health (SEARCH), a community health research organisation

In India, newborns are dying. Earlier, they used to die at home without medical care. Now, they are dying in hospitals. On August 24, 2026, three newborns lost their lives in an accidental fire at the government women's hospital in Amravati, Maharashtra. This was not the first such episode in government newborn care units, and it will not be the last – unless we view it not as an isolated event, but as a trend.

These are episodes of clustered newborn deaths in the government institutions (that were identified by ChatGPT)/in the format of Year/Government hospital/Newborn deaths – 2017 BRD Medical College, Gorakhpur 17; 2017 Government hospital, Ahmedabad 18; 2019 JK Lon Hospital, Kota 10; 2020 JK Lon Hospital, Kota 9; 2020 Government hospital, Shahdol 8; 2021 District Hospital, Bhandara One fire 10; 2021 Kamla Nehru Children's Hospital, Bhopal One fire 4; 2021 Government Medical College, Ambikapur 4; 2022 Medical College, Ambikapur 4; 2023 Government Medical College, Nanded 12; 2024 Maharani Laxmi Bai Medical College, Jhansi One fire 10; 2025 District Women's Hospital, Budaun 4; 2026 District Women's Hospital, Amravati One fire 3

This is not a comprehensive national registry, but only a partial list. The pattern, however, is recurring and therefore demands a systemic response.

The problems and challenges

What is going wrong? The first reason is overcrowding. India has achieved remarkable success in ensuring that women increasingly deliver in health institutions – from 39% in 2005-06 to 90% in 2023-24 (National Family Health Survey-6). But this success has created a new challenge. The absolute number of women delivering in institutions has risen from 109 lakh in 2005 to 194 lakh in 2024-25 (Ministry of Health and Family Welfare (MoHFW), Government of India). The total number of sick newborns hospitalised in public Special Newborn Care Units (SNCUs) has also risen rapidly, from 11.3 lakh in 2021-22 to 14.45 lakh in 2023-24 – a 28% increase in two years (Health Management Information System, MoHFW). Hence, newborn-care units everywhere are becoming overloaded.

Newborn care in India must combine safer, decongested neonatal units with strengthened home-based support

The second reason is the changing case mix. As institutional deliveries have expanded, government hospitals have become the destination not only for normal deliveries but also for large numbers of high-risk births, including premature, low-birth-weight and sick newborns referred from peripheral facilities.

Infrastructure failures are the third reason. The Gorakhpur episode of August 2017 was attributed by a district-level inquiry to oxygen deprivation following an interruption in oxygen supply. The fires at Bhandara in January 2021, Bhopal in November 2021 and Jhansi in November 2024, as well as the more recent incident in Amravati, demonstrate the risks posed by fire and electrical hazards in neonatal units. Sick newborns need warmers, incubators and ventilators. Overcrowding can increase the electrical load on these units.

Infection and staffing problems would be the fourth reason. Overcrowding, inadequate nurse-to-baby ratios, equipment shortages and poor infection-prevention practices can turn a neonatal unit into a setting where hospital-acquired infections can spread rapidly.

The Gadchiroli model

This diagnosis leads to some obvious solutions. But there is an additional way.

India already has another solution. More than two decades ago, the Gadchiroli field trial conducted by the Society for Education, Action and Research in Community Health (SEARCH) demonstrated that trained community health workers (CHWs) could provide effective home-based neonatal care (HBNC), resulting in a 62.2% reduction in neonatal mortality in the rural area (The Lancet, 1999). The trained CHWs identified and managed neonatal infections at home, supported breastfeeding and warmth, and managed low-birth-weight and preterm babies. Subsequent data from Gadchiroli, published in the Journal of Perinatology in 2005, showed that between 1996 and 2003, 97% of low-birth-weight and preterm babies – including those with birth weights above 1,800 g and gestational ages of more than 34 weeks – were managed at home, with a very low case-fatality rate.

The principles of the Gadchiroli model have already become a part of India's public health system (MoHFW, 2011). Around 8,00,000 Accredited Social Health Activists (ASHAs) have been trained to provide HBNC, using training modules developed from the Gadchiroli experience. Therefore, India does not have to invent a new system. ASHAs, if adequately trained, supervised and supported, can provide many components of newborn care. This could take a considerable load off SNCUs and help reduce overcrowding.

Of course, a baby with severe prematurity, respiratory distress, shock, severe sepsis, serious birth asphyxia or another danger sign needs immediate facility-based treatment. HBNC is not a substitute for neonatal intensive care. But not every newborn who needs care requires a hospital bed.

The optimum strategy

India should therefore adopt a three-part strategy. First, decongest neonatal units. Strengthen HBNC by ASHAs so that appropriate, stable newborns can safely receive care at home rather than occupying scarce SNCU beds.

Second, strengthen neonatal care units. Ensure adequate numbers of doctors and nurses, appropriate nurse-to-baby ratios, functioning equipment, reliable oxygen and electricity supplies with backup systems, along with rigorous infection-prevention measures.

Third, make neonatal units intrinsically safe. Fire detection and suppression systems, electrical and oxygen-system safety measures, emergency evacuation drills and independent safety audits should become mandatory.

The success of the Janani Suraksha Yojana (JSY) is unquestionable. Institutional delivery can help save mothers and babies. But the next phase of India's newborn-health strategy must recognise that getting mothers into hospitals is only the first step. Every mother will give birth to a baby who needs care. But not every newborn who needs care requires a hospital bed. The future of newborn care should not be hospital versus home; it should be hospital plus home.

That would reduce overcrowding and, most importantly, ensure that each newborn receives the right care, at the right place, at the right time.

GS Paper II: Social Justice

UPSC Mains Exam Practice Questions: "Neonatal health is an investment in human capital." Discuss its implications for India's demographic dividend and economic productivity.(**15Marks, 250 Words)**

Context :

India's neonatal healthcare strategy faces a critical transition. While schemes like the Janani Suraksha Yojana (JSY) successfully raised institutional deliveries from 39% (2005-06) to 90% (2023-24), this operational success has triggered severe overcrowding in public Special Newborn Care Units (SNCUs). Recent catastrophic events—such as hospital fires in Amravati (2026), Jhansi (2024), and Bhandara (2021), along with oxygen shortages—highlight systemic vulnerabilities. The article advocates moving from a "Hospital-Only" model to a **"Hospital + Home"** approach.

Key Structural Challenges in Neonatal Care

- **Overcrowding:** Admissions to public SNCUs increased by 28% in two years (11.3 lakh in 2021-22 to 14.45 lakh in 2023-24), outstripping capacity.
- **Complex Case Mix:** Centralization of high-risk cases (premature births, low birth weight, birth asphyxia) in tertiary public facilities without proportional expansion of resources.
- **Infrastructure Deficits:** Heavy electrical loads from continuous operation of warmers, incubators, and oxygen systems cause recurrent fire and safety hazard failures.
- **Staffing & Infection Control:** Inadequate nurse-to-baby ratios increase hospital-acquired infections (HAIs) and reduce operational efficiency.

The Gadchiroli Model: Home-Based Newborn Care (HBNC)

Pioneered by SEARCH in Gadchiroli, Maharashtra, this model demonstrates that community-level interventions can decentralize neonatal care safely:

- **Evidence:** A 62.2% reduction in neonatal mortality was achieved using trained Community Health Workers (CHWs) to manage low birth weight (>1,800g), mild infections, and heat regulation at home.
- **Scalability:** Integrated into India's National Health Mission via Accredited Social Health Activists (ASHAs), creating a decentralized healthcare backbone.

Three-Pillar Strategic Solution

1. **Decongest Facilities:** Empower ASHAs to deliver strengthened HBNC to stable neonates, reserving hospital beds strictly for critical cases (severe respiratory distress, sepsis, severe prematurity).
2. **Upgrade SNCUs:** Ensure adequate staffing, correct nurse-to-baby ratios, reliable power/oxygen backups, and strict hygiene protocols.
3. **Mandate Safety Protocols:** Enforce periodic electrical/fire audits, dynamic safety systems, and mandatory evacuation drills.

Related Static Dimensions (UPSC Alignment)

- **Constitutional Provision:Article 47** (Directive Principles of State Policy) obligates the State to raise the level of nutrition, standard of living, and public health.
- **National Health Policy (NHP) 2017:** Aims to reduce Neonatal Mortality Rate (NMR) to single digits and reduce out-of-pocket health expenditure.
- **SDG Target 3.2:** End preventable deaths of newborns and children under 5 years of age, aiming to reduce NMR to at least 12 per 1,000 live births by 2030.
- **Governance Framework:** The National Health Mission (NHM) and India Newborn Action Plan (INAP), emphasizing continuum of care.

Conclusion

Institutional delivery is a vital first step, but centralizing all care inside overcrowded facilities creates systemic risk. To safeguard neonatal health, India's health governance must balance facility-based technology with community-based home care. A continuum of care combining **Hospital + Home** ensures equitable resource allocation, mitigates structural hazards, and drives progress toward sustainable development targets.