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Expected EDITORIAL EXPLAINED

for

IAS Mains Examination

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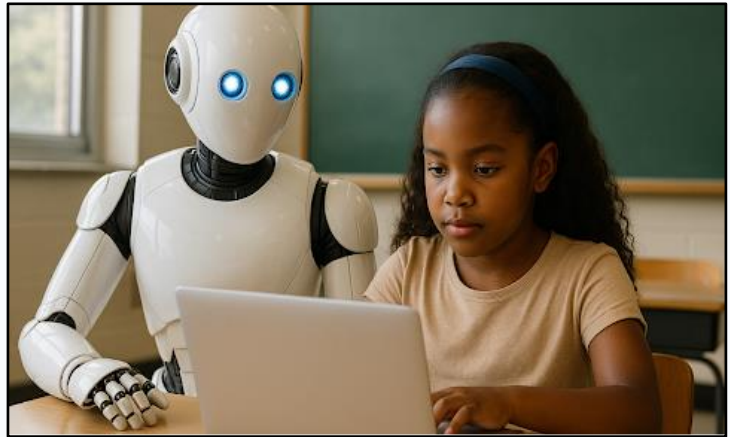
GENERAL STUDIES 1

1.1. SOCIETY

1.1.1. AI TUTOR FOR EVERY CHILD: DEMOCRATISING QUALITY EDUCATION THROUGH DPI

Introduction

India faces a paradox of **high educational aspirations but unequal access to quality learning**. AI-enabled **Digital Public Infrastructure (DPI)** can bridge this gap by making **personalised, affordable and quality education accessible to every child**, irrespective of income or location.



How Can AI Transform Learning?

- **Personalised Learning:** AI identifies individual learning gaps and recommends **targeted lessons, questions and revision** based on student needs.
- **24×7 Doubt Resolution:** AI tutors provide **instant explanations and repeated practice**, making personalised support available anytime.
- **Adaptive Assessment:** AI dynamically adjusts the **difficulty and type of questions** based on a student's performance and progress.
- **Multilingual Education:** AI can translate and deliver quality educational content in **Indian languages**, reducing language-based barriers.
- **Continuous Feedback:** AI provides **real-time performance analysis and feedback**, enabling students to correct mistakes immediately.

Why India Needs an AI-enabled Education Ecosystem?

- **Unequal access:** Quality coaching is concentrated in urban and affluent segments.
- **High cost of coaching:** Families spend heavily on test preparation, often without proportional outcomes.
- **Teacher-student ratio constraints:** A human teacher cannot provide continuous personalised attention to millions.
- **Content is no longer scarce:** Platforms such as YouTube already provide enormous educational content; the scarcity is **personalised guidance, doubt-solving and credible assessment**.
- **Digital opportunity:** AI can provide scalable, adaptive and multilingual learning support.

Proposed Model: “Public Rails, Private Engines”

A. Role of Government — Build the Rails

- **Digital Identity & Authentication:** Create a secure identity layer for students using existing DPI such as **Aadhaar/DigiLocker**, ensuring seamless access.
- **Open APIs & Interoperability:** Enable different education platforms to communicate with each other, preventing **vendor lock-in** and allowing portability of learning records.

- **Content Accreditation:** Establish common quality standards and accredit educational content to ensure **accuracy, credibility and pedagogical quality**.
- **Student Learning Records:** Maintain a **portable, student-owned learning profile** containing progress, test scores and topic-wise mastery.
- **Data Protection & Consent:** Ensure that student data is collected and shared only with informed consent, protecting **privacy and preventing commercial exploitation**.
- **Assessment & Quality Benchmarks:** Develop common standards to evaluate providers based on **learning outcomes rather than marketing claims**.
- **Digital Payments & Vouchers:** Use **UPI/DBT-like education vouchers** to enable students to access premium mentoring and other value-added services.
- **Last-Mile Connectivity:** Use **schools, CSCs and low-bandwidth/offline solutions** to ensure that digital education reaches rural and disadvantaged students.

B. Role of Private Sector — Provide the Engines

- **Quality Content:** Ed-tech firms, teachers and universities can provide diverse, high-quality lectures, notes and problem sets.
- **Doubt-Solving:** AI tutors and expert teachers can provide **24×7 personalised resolution of students' doubts**.
- **Mentoring:** Private providers can offer personalised guidance, study planning and motivation that technology alone cannot fully provide.
- **Mock Tests:** Providers can develop large-scale practice tests with **instant evaluation and performance analytics**.
- **Personalised Learning:** AI can identify learning gaps and dynamically recommend content according to each student's **pace and ability**.
- **AI-based Educational Tools:** Competing providers can innovate in **adaptive learning, multilingual tutoring and intelligent assessment**.

Challenges of AI-enabled Education

1. **Digital Divide:** Unequal access to **devices, internet, electricity and digital literacy** may exclude the very students who need support most.
2. **AI Hallucinations:** Incorrect or fabricated AI-generated explanations can **mislead students and compromise learning outcomes**.
3. **Data Privacy:** Student data on **learning behaviour, performance and personal information** may be misused for commercial profiling or surveillance.
4. **Algorithmic Bias:** AI systems may produce **unequal outcomes across languages, regions, disabilities and socio-economic groups**.
5. **Overdependence on Technology:** Excessive reliance on AI may weaken **critical thinking, creativity, independent learning and teacher-student interaction**.
6. **Quality & Accountability:** The proliferation of inaccurate content and unregulated AI tools makes **accreditation, quality standards, human oversight and accountability** essential.

Way Forward: Building an Inclusive AI-enabled Education System

1. **Human + AI, Not Human vs AI:** AI should assist teachers in **practice, doubt-solving and feedback**, while teachers remain central to mentoring, motivation, values and emotional support.

2. **Create an Education DPI Authority:** An independent institution should establish **open standards, interoperability, accreditation and AI-safety benchmarks** for a trusted education ecosystem.
3. **Ensure Data Empowerment:** Student data should be governed by **consent, data minimisation, purpose limitation and portability**, giving students control over their learning records.
4. **Bridge the Digital Divide:** Ensure **offline content, low-bandwidth platforms, school labs, CSC access and local-language AI tools** so technology does not deepen existing inequalities.
5. **Outcome-based Regulation:** Evaluate platforms on **learning gains, test performance and actual educational outcomes**, rather than downloads, user numbers or marketing claims.
6. **Ensure AI Safety & Accountability:** Introduce **human oversight, accuracy audits, bias testing and grievance mechanisms** to make AI educational tools reliable, transparent and accountable.

Conclusion

Just as UPI transformed access to digital payments through open infrastructure, an Education DPI can transform access to quality learning making personalised education a public capability rather than a privilege of purchasing power.

Q. Artificial Intelligence, when integrated with Digital Public Infrastructure, can democratise access to personalised and quality education in India. Discuss the opportunities and challenges involved. 15 marks

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Prelims Test Series

2.1. POLITY & GOVERNANCE

2.1.1. BALANCING SECURITY, PRIVACY AND THE RIGHT TO PROTEST

Context

The article highlights the **use of facial recognition technology (FRT) by the Delhi Police at protest sites**, raising concerns about **privacy, freedom of speech and expression, right to protest, surveillance, and lack of a dedicated legal framework**. The issue is especially significant because biometric surveillance can identify individuals participating in political demonstrations and may create a **chilling effect on democratic dissent**.



Introduction

The increasing deployment of **AI-enabled facial recognition at public gatherings** represents a technological shift in policing. While surveillance may serve legitimate objectives such as crime prevention and public safety, **indiscriminate biometric monitoring of protesters without clear statutory safeguards** raises serious constitutional and civil-liberty concerns.

Current Relevance

- **Normalisation of biometric surveillance:** Facial recognition technology is increasingly being deployed in public spaces and protest sites, creating concerns that **mass surveillance** may become a routine policing practice.
- **Privacy without a dedicated legal framework:** India currently lacks a **specific statutory framework governing facial recognition**, raising questions about the legality of collecting, processing, storing and sharing citizens' biometric data.
- **Chilling effect on democratic protests:** The possibility of being identified and tracked can discourage citizens from participating in demonstrations, potentially weakening the **Article 19(1)(b) right to peaceful assembly**.
- **Indiscriminate data collection:** Facial recognition can capture the biometric information of **all individuals within the camera's range**, including innocent bystanders who are not suspected of any offence.
- **Weak accountability and oversight:** Unclear rules regarding **data access, retention, deletion, private contractors and authorisation** create risks of misuse and make it difficult to establish accountability.

Recent Concerns Associated with Facial Recognition

1. Absence of a dedicated legal framework

- India presently lacks a **specific statute comprehensively regulating facial recognition technology** by law-enforcement agencies.

- The **Digital Personal Data Protection Act, 2023** provides a data-protection framework, but its broad exemptions for certain State functions raise concerns regarding effective safeguards against governmental surveillance.
- Therefore, the central question is **not merely whether technology can be used, but under what law, for what purpose and with what safeguards.**

2. Right to Privacy under Article 21

- The Supreme Court in **Justice K.S. Puttaswamy v. Union of India (2017)** recognised privacy as a **fundamental right under Article 21**.
- Facial recognition involves the collection and processing of **biometric data**, which is highly sensitive because a person's face is a permanent identifier.
- Mass identification of protesters without adequate safeguards can therefore constitute a significant **privacy intrusion**.

3. Impact on freedom of speech and expression

- **Article 19(1)(a)** protects freedom of speech and expression, while **Article 19(1)(b)** guarantees the right to assemble peacefully and without arms.
- Fear that participation in a protest could result in **identification, profiling or future surveillance** may discourage citizens from exercising these rights.
- This is known as the **chilling effect**, whereby surveillance indirectly suppresses constitutionally protected expression.

4. Indiscriminate nature of facial recognition

- Conventional policing can be targeted towards individuals suspected of specific offences.
- Facial recognition at a protest, however, may initially scan **everyone within the camera's range**, including completely innocent participants.
- Thus, the technology creates a concern of **mass surveillance rather than targeted surveillance**.

5. Proportionality concerns

- Any restriction on fundamental rights must satisfy the constitutional **proportionality principle**.
- The State must demonstrate:
 1. **Legitimate aim** – whether there is a genuine public-interest objective.
 2. **Rational connection** – whether FRT is capable of achieving that objective.
 3. **Necessity** – whether a less restrictive alternative exists.
 4. **Balancing** – whether the benefits justify the infringement of fundamental rights.
- In the present case, **conventional policing, targeted investigation and ordinary video surveillance** could potentially achieve public-order objectives with comparatively lower privacy costs.

6. Risk of false positives

- Facial recognition systems are not infallible.
- **False positives** can result in innocent individuals being wrongly identified as suspects.
- In a protest context, such errors can have serious consequences, including **detention, investigation, intimidation or reputational harm**.

Way Forward

1. Enact a dedicated FRT law

India should establish a **comprehensive statutory framework** specifically governing facial recognition by law-enforcement agencies.

2. Purpose limitation

FRT should be permitted only for **clearly defined and legitimate purposes**, rather than allowing open-ended surveillance.

3. Targeted rather than mass surveillance

Deployment should focus on **specific suspects or clearly established threats**, rather than scanning every participant at a demonstration.

4. Judicial/independent authorisation

High-risk biometric surveillance should require **prior judicial or independent authorisation**, except in narrowly defined emergencies.

5. Data minimisation and deletion

Only necessary information should be collected, with **strict retention periods and mandatory deletion** where identification is unnecessary.

Conclusion

Facial recognition can strengthen **law enforcement and public security**, but technological capability cannot by itself constitute constitutional legitimacy. India needs a framework where **security is balanced with privacy, liberty and democratic dissent**. The principle should be **"targeted surveillance, not indiscriminate surveillance"**, backed by legality, necessity, proportionality, transparency and independent oversight.

Q. "The indiscriminate use of facial recognition technology at protest sites can create a chilling effect on fundamental freedoms." Discuss with reference to the Right to Privacy and the Right to Peaceful Protest in India. **10 Marks**

2.2. HEALTH

2.2.1. REGULATING PRIVATE CAPITAL AND PATIENT WELFARE

Context

The **Parliamentary Standing Committee's 176th Report** highlighted extreme disparities between private (₹50,508) and public (₹6,631) hospitalisation costs. To curb catastrophic **out-of-pocket expenditure (OOPE)**, it recommended standardized package rates, bed quotas under **AB-PMJAY**, and a strategic review of **FDI norms** in brownfield hospital acquisitions.



Introduction

Private capital is vital to bridge India's secondary and tertiary healthcare deficits, yet severe **information asymmetry** frequently exposes patients to **supplier-induced demand**. Reforming

health governance is essential to prevent commercial return expectations from superseding **evidence-based clinical necessity** and the constitutional **Right to Health** under Article 21.

What is Healthcare Financialisation?

- It refers to the expanding role of **private equity and venture capital** in the ownership, operation, and consolidation of hospital networks.
- The model often prioritizes institutional return on investment, generating pressure for **procedure-linked doctor incentives, aggressive revenue targets, and higher revenue per bed**.
- This structural framework exacerbates **supplier-induced demand**, as vulnerable patients lack the specialized knowledge to judge the necessity of diagnostics, admissions, or surgeries.

Legislative Context

- **176th Parliamentary Standing Committee Report (2026):** Recommended **mandatory pre-treatment cost estimates**, statutory standardization of treatment packages, and capping metropolitan basic room tariffs to average nearby three-star hotel rates.
- **Review of Foreign Direct Investment (FDI) Policy:** The Committee urged scrutinizing **100% automatic FDI in brownfield hospital acquisitions** to prevent market monopolization and ensure foreign capital creates new capacity rather than privatizing existing infrastructure.
- **Clinical Establishments (Registration and Regulation) Act, 2010:** Serves as the primary statutory instrument to enforce **Standard Treatment Workflows (STWs)** and mandate the public display of standardized rates, though adoption across states remains fragmented.
- **Precedent of the Drugs (Prices Control) Order (DPCO):** Past regulatory interventions by the **NPPA** capping trade margins and prices on **coronary stents and knee implants** provide legal and regulatory precedents for broader clinical cost rationalization.
- **Ayushman Bharat (AB-PMJAY) Framework:** Leverages public procurement power to fix predetermined package rates, establishing a foundation for institutionalizing **Diagnosis-Related Group (DRG)** reimbursement systems.

Significance of Regulating Private Healthcare

1. Curbing Catastrophic Out-of-Pocket Expenditure (OOPE)

- Statutory pricing frameworks prevent medical impoverishment by controlling disproportionate private treatment costs (e.g., ₹37,630 for childbirth vs. ₹2,299 in public facilities).
- It protects households from opaque, **unbundled billing practices** and arbitrary mark-ups on essential consumables.

2. Checking Supplier-Induced Over-Medicalisation

- Eliminating volume-driven financial targets shields patients from medically unwarranted **caesarean sections, angioplasties, and redundant diagnostic screening**.
- It ensures that clinical protocols are governed strictly by **medical evidence** rather than corporate revenue expectations.

3. Directing Capital to Underserved Geographies

- Differentiated regulatory screening incentivizes **greenfield FDI in Tier-2, Tier-3, and rural districts**.

- This curtails the excessive concentration of high-end corporate hospital networks exclusively in affluent metropolitan areas.

4. Safeguarding Public Health Insurance Viability

- Mandated bed quotas and standardized tariff caps preserve the fiscal sustainability of **AB-PMJAY**.
- It prevents private empanelled providers from artificially inflating claim volumes or shifting costs to the public exchequer.

5. Correcting Information Asymmetry

- Mandatory pre-treatment itemized estimates and transparent billing empower patients with predictable financial visibility.
- This structural transparency restores institutional trust between citizens and healthcare providers.

Challenges Associated with Private Healthcare Regulation

1. Risk of Capital Flight and Slower Expansion

- Excessively rigid price ceilings or unpredictable FDI scrutiny could deter **private equity and foreign capital** vital for state-of-the-art ICUs, laboratories, and medical technology.

2. Arbitrage and Inefficacy of Isolated Price Caps

- Capping specific individual heads (like room tariffs) often leads hospitals to **shift costs to unregulated heads**, such as specialized consultations and surgical consumables.

3. Inadequate Public Healthcare Alternative

- Chronically underfunded and overcrowded public hospitals cannot meet all secondary and tertiary care demand, leaving patients with **zero bargaining power** against private providers.

4. State-Level Regulatory and Audit Deficits

- State healthcare directorates lack the dedicated technical manpower and infrastructure needed to perform routine **clinical and billing audits** across thousands of private establishments.

5. Compromised Clinical Quality Standards

- Unviable price caps that fall below operational costs risk forcing private providers to compromise on **nursing-to-patient ratios, sterilization protocols, and patient safety**.

Global Best Practices

1. OECD Nations – Diagnosis-Related Groups (DRGs)

- Replaces fee-for-service billing with **predetermined, bundled reimbursement rates** based on the patient's primary diagnosis, incentivizing efficiency and eliminating over-investigation.

2. European Union – Strategic Health Investment Screening

- Subjects **private equity acquisitions of existing healthcare assets** to strict anti-trust and public interest screening to prevent market concentration and price gouging.

Way Forward

1. Transition to Diagnosis-Related Group (DRG) Bundling

- India must replace fragmented, itemized price caps with comprehensive **DRG-based episode pricing** to ensure absolute billing predictability and eliminate cost-shifting.

2. Calibrated FDI Policy for Healthcare

- Grant fast-track approvals and fiscal incentives to **greenfield hospital investments** in underserved districts while subjecting brownfield acquisitions to competition and affordability scrutiny.

3. Augment Public Health Spending

- Substantially scale public health expenditure to the **National Health Policy target of 2.5% of GDP**, developing government hospitals into credible alternatives that naturally regulate market prices.

4. Institutionalize Mandatory Independent Clinical Audits

- Establish statutory audit bodies to evaluate adherence to **Standard Treatment Workflows (STWs)** and penalize institutions engaging in clinically unwarranted procedures.

5. Enforce Statutory Social Compact Obligations

- Legally mandate corporate hospitals that received subsidized land, tax concessions, or public utility support to reserve a fixed quota of beds for **AB-PMJAY beneficiaries** at regulated rates.

6. Pivot from Volume to Value-Based Care

- Restructure insurance provider empanelment and doctor remuneration models to reward **clinical recovery outcomes and diagnostic accuracy** rather than procedural throughput.

Conclusion

Sustainable healthcare governance requires balancing the commercial viability of **private capital** with medical ethics and social equity. Transitioning toward bundled **DRG package rates**, backed by robust clinical audits and an upgraded public health system, will guarantee that clinical decisions are determined solely by **medical need** rather than commercial profit.

Q. Evaluate the need to regulate private capital and pricing in India's healthcare sector while balancing investment incentives with patient welfare. 15 Marks

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GENERAL STUDIES 3

3.1. ECONOMY

3.1.1. BEYOND EXAMINATION REFORM: FROM JOB SEEKERS TO JOB CREATORS

CONTEXT

Recent youth protests have highlighted concerns over **exam integrity, recruitment transparency and rising coaching costs**. While reforms such as the **Public Examinations Act, 2024** improve fairness and access, they address only the entry stage. The deeper crisis is the **mismatch between India's young, educated population and the availability of productive, formal and secure jobs**.



INTRODUCTION

India's demographic dividend can translate into a **growth dividend only when its young population moves successfully from education and skills to productive, decent and secure employment**. The challenge lies in the gaps across the chain.

Education → Skills → Employment → Decent Work → Productivity → Growth.

BACKGROUND & MAGNITUDE OF THE CHALLENGE

What is happening? How large is the problem?

1. **Rising Aspirations, Limited Opportunities:** India's expanding educated youth increasingly aspire to professional and formal employment, but limited quality opportunities have intensified competition and raised the cost of job preparation.
2. **Severe Competition for Quality Education:** Over **22 lakh medical aspirants** compete for around **1.4 lakh undergraduate seats**, while coaching absorbs nearly **16% of household education expenditure**, highlighting the widening demand–supply gap.
3. **Graduate Employment Crisis:** High unemployment among young graduates demonstrates that **educational expansion has not translated proportionately into employment**, creating frustration among an increasingly aspirational workforce.
4. **Quantity–Quality Employment Gap:** The challenge extends beyond unemployment, as many young people enter **low-paying, insecure or underproductive work**, indicating that employment numbers alone do not capture labour-market wellbeing.
5. **NEET & Lost Human Capital:** A significant share of youth remain **Not in Education, Employment or Training (NEET)**, resulting in a triple loss of **skills, productive capacity and future earnings** and weakening the potential demographic dividend.

Why is India unable to convert its demographic potential into quality employment?

1. **Low Employment Intensity of Growth:** Strong GDP growth has not generated employment at the required scale, reflecting inadequate **employment elasticity** and the dominance of sectors that create relatively fewer jobs.

2. **Incomplete Structural Transformation:** India has not sufficiently shifted labour from **low-productivity agriculture towards labour-intensive manufacturing and modern services**, limiting opportunities for large-scale workforce absorption.
3. **Weak Private Investment Cycle:** Subdued corporate investment constrains expansion of productive capacity; without sustained investment, **new enterprises, factories and employment opportunities cannot grow at the required pace**.
4. **Weak Education-to-Work Transition:** The apprenticeship ecosystem remains underdeveloped, with inadequate **employer participation, workplace learning and industry-linked training**, making the transition from classroom to workplace difficult.
5. **MSME Productivity & Formalisation Constraints:** Credit shortages, technology gaps, regulatory burdens and weak market access prevent MSMEs from achieving the **scale, productivity and formal employment potential** they could otherwise provide.
6. **Regional Concentration of Opportunities:** Employment remains concentrated around major urban-industrial centres, creating **distress migration, regional inequality and underutilisation of local human capital**.
7. **Gendered Barriers to Labour Participation:** Safety concerns, unpaid care work, mobility constraints and inadequate local employment disproportionately restrict women's participation, preventing India from fully utilising its available workforce.

WHY EXAMINATION REFORM ALONE CANNOT SOLVE THE CRISIS

Reform	What it addresses	What remains unresolved
Free online coaching	Cost of preparation	Scarcity of jobs
Exam reform	Fair competition	Number of vacancies
Public Examinations Act	Exam integrity	Employment creation
Skill programmes	Employability	Employer demand
GDP growth	Aggregate output	Employment intensity
Self-employment	Labour absorption	Income/productivity

GLOBAL BEST PRACTICES

1. **Germany – Dual Vocational Education:** Combines **classroom education with industry-led apprenticeships**, giving students both theoretical knowledge and workplace experience. India can shift from **certificate-based skilling to employer-linked, job-oriented training**.
2. **South Korea – Manufacturing-Led Growth:** Built its economy through **export-oriented industrialisation, human-capital development and technological upgrading**, showing that education creates a demographic dividend only when supported by an expanding productive economy.
3. **Vietnam – GVC & Export Manufacturing:** Leveraged **FDI, industrial clusters and global value chains** to expand manufacturing and employment while integrating domestic firms into global markets. India can similarly move from **protection-driven growth to export competitiveness**.

WAY FORWARD: FROM DEMOGRAPHIC POTENTIAL TO DECENT EMPLOYMENT

1. **Shift from Exam-Centric to Employment-Centric Policy:** Move beyond **Education** → **Examination** → **Job** towards **Education** → **Skills** → **Apprenticeship** → **Enterprise** → **Employment**, aligning education with labour-market demand.
2. **Build Labour-Intensive & Export-Oriented Manufacturing:** Focus on textiles, footwear, food processing, electronics and furniture while linking incentives to **exports, productivity and employment** to make manufacturing a mass job creator.
3. **Strengthen Apprenticeships & Industry Linkages:** Make apprenticeships the bridge between **classroom and workplace** through employer-designed curricula, paid training, MSME participation and stronger district-level implementation.
4. **Revitalise MSMEs as Employment Engines:** Improve **credit, technology, digital market access and export integration**, while simplifying compliance to help MSMEs scale up and generate formal employment.
5. **Decentralise Employment Opportunities:** Develop **Tier-2/3 cities, district industrial clusters and industrial corridors** to create local employment, reduce distress migration and utilise regional human capital.
6. **Crowd-in Private Investment & Domestic Demand:** Combine **infrastructure, regulatory certainty, skilled labour, purchasing power and export access** to revive private investment and expand productive capacity.
7. **Make Employment Decent & Inclusive:** Evaluate jobs through **wages, contracts, productivity, stability and social security**, while extending portable protection to informal/gig workers and removing barriers to women's employment.

CONCLUSION

India must move from preparing millions of young Indians to compete for a limited number of jobs towards building an economy capable of creating millions of productive jobs. The real reform, therefore, is not merely to make the queue fairer, but to make the queue shorter by expanding the opportunities at its end.

Q. India's youth crisis is not merely an examination problem but a structural employment challenge. Discuss the key constraints to quality job creation and suggest measures to realise India's demographic dividend. 15 Marks

3.1.2. PRESS NOTE 3 REFORMS: EASING FDI WHILE SAFEGUARDING ECONOMIC SECURITY

Context

- **Press Note 3 (2020)** mandated Government approval for FDI from countries sharing India's land borders to prevent **opportunistic takeovers** during COVID-19.
- In **March 2026**, the Government allowed the **automatic route** for qualifying investments with less than **10% stake** from such countries.
- By August 2026, **29 projects worth ₹4,895.65 crore** were reported, indicating initial FDI facilitation



Introduction

- **Foreign Direct Investment (FDI)** is a crucial source of capital, technology, managerial expertise and integration with global value chains.
- India's recent relaxation of **Press Note 3 (2020)** seeks to balance **investment facilitation with national security concerns**.

Importance of this news in contemporary scenario

1. Early evidence of the impact of the 2026 relaxation

- The Government has released the figure of **₹4,895.65 crore across 29 projects**, providing the first indication of whether the relaxed PN3 framework is actually facilitating investment.

2. Need to balance national security and investment facilitation

- PN3 was designed during an exceptional economic-security environment, but its broad application subsequently affected companies having even **small foreign shareholdings** from land-border countries.
- The relaxation attempts to distinguish between **controlling investment** and **minority/non-controlling investment**.

3. India's FDI and manufacturing ambitions

- India requires sustained FDI to support **Make in India, manufacturing expansion, technological upgrading, employment generation and global value-chain integration**.
- Excessively restrictive investment rules can increase transaction costs and discourage multinational companies from establishing or expanding operations in India.

4. Changing geopolitical and economic environment

- The original PN3 framework emerged amid concerns about economic vulnerabilities during COVID-19 and subsequently became closely associated with **India-China strategic tensions**.
- The latest reform signals a move towards a more **calibrated rather than blanket approach** to investment screening.

Features of Press Note 3

- **Press Note 3 of 2020** amended India's FDI policy by requiring Government approval for FDI from entities of countries sharing a **land border with India**.
- The framework covered countries such as **China, Pakistan, Bangladesh, Nepal, Bhutan and Myanmar** under the relevant land-border criterion.
- The policy was intended to prevent **opportunistic acquisitions of Indian businesses during economic distress** and address possible national-security concerns.
- Importantly, PN3 was issued in **April 2020, before the Galwan clash of May 2020**; therefore, its original rationale should not be equated entirely with India-China border tensions.

Provisions of 2026 Relaxation

- The March 2026 reform allows certain investments to enter through the **automatic route** where entities from land-border countries have **less than 10% ownership**, subject to the prescribed conditions.
- The underlying principle is that a **small minority investment does not necessarily provide the same degree of control or strategic influence as a controlling stake**.
- This creates a distinction between:

- **Controlling/strategically influential investment** → **greater scrutiny**
- **Small minority/non-controlling investment** → **comparatively easier entry**

Impact of Press Note 3 Relaxation on FDI

1. Reduction in regulatory barriers

- The automatic route eliminates the need for prior Government approval in qualifying cases, thereby reducing **procedural delays, uncertainty and compliance costs**.
- This can improve India's **ease of doing business** and investment attractiveness.

2. Facilitation of genuine foreign investment

- Multinational corporations often have complex global ownership structures involving several institutional investors.
- A small shareholding from a land-border country could previously create regulatory complications even when the principal investor was from another country.
- The relaxation can therefore facilitate **genuine and commercially motivated investments**.

3. Greater integration with global value chains

- FDI can help Indian firms access:
 - **advanced technology**
 - global markets
 - managerial expertise
 - international supply chains
 - capital and research capabilities.
- This is particularly relevant for India's ambition to become a major **global manufacturing and services hub**.

4. Sectoral diversification

- The reported projects span **AI, IT, ICT, pharmaceuticals, manufacturing, data centres and transport services**.
- Thus, the relaxation could support investment in sectors that are important for India's **digital economy and emerging technology ecosystem**.

5. Technology transfer and domestic value addition

- Greater FDI can facilitate **technology transfer, skill development, R&D collaboration and domestic value addition**.
- It can strengthen Indian firms' ability to participate in **global production networks**.

Challenges Ahead

1. National security concerns

- A blanket relaxation could create vulnerabilities if foreign entities use **minority shareholding, layered ownership or complex corporate structures** to acquire strategic influence indirectly.

2. Beneficial ownership opacity

- The formal shareholding of an entity may not reveal its **ultimate beneficial owner**.
- Therefore, effective screening requires examination of the entire ownership chain.

3. Sensitive sectors

- Sectors such as **telecommunications, defence, digital infrastructure, critical minerals, financial infrastructure, AI and data centres** have strategic significance.
- Investment facilitation must not compromise **economic and national security**.

4. Regulatory uncertainty

- Frequent changes or ambiguous interpretation of investment rules can increase investor uncertainty.
- Investors require **predictability, transparency and consistency** in policy implementation.

5. Approval-related delays may persist

- Even where the automatic route is available, other regulatory requirements relating to **competition, taxation, sectoral regulation, land and environmental clearances** can continue to delay projects.

Way Forward

1. Adopt a calibrated risk-based investment regime

- India should follow the principle of “**facilitate low-risk investment, scrutinise high-risk investment.**”
- Small, non-controlling investments should face minimal procedural barriers, while investments in strategic sectors should undergo enhanced scrutiny.

2. Strengthen beneficial ownership verification

- Authorities should assess the **ultimate beneficial ownership and effective control**, rather than relying exclusively on nominal shareholding percentages.
- This can prevent circumvention of the PN3 framework.

3. Create a transparent national-security screening mechanism

- Investment screening should have **clear criteria, defined timelines and institutional accountability**.
- This would reconcile national security with **ease of doing business**.

4. Improve inter-agency coordination

- Greater coordination among the **DPIIT, Ministry of Commerce and Industry, RBI, sectoral regulators and security agencies** can make investment screening both faster and more effective.

5. Provide regulatory certainty

- India should minimise ambiguity in FDI rules and issue **clear guidelines, FAQs and standard operating procedures** for investors.
- Predictability is essential for attracting long-term capital.

Conclusion

- The relaxation of Press Note 3 is a **pragmatic balance between investment facilitation and national security**.
- India should move towards a **transparent, predictable and risk-based FDI regime** that welcomes productive capital while retaining stringent safeguards for strategically sensitive investments.

Q. Justify the need for FDI in India. Why is there a gap between potential and actual FDI inflows? 10 marks

3.2. DISASTER MANAGEMENT

3.2.1. DANGER FROM ABOVE: RISING HIMALAYAN DISASTER RISK

CONTEXT

- **Nepal flash flood:** Possible glacier/ice-rock collapse in Tibet → river blockage → sudden release, causing severe flooding. Highlights rising **compound & cascading Himalayan disasters** amid climate change.
- **Sikkim GLOF (2023):** South Lhonak Lake outburst caused major **infrastructure and hydropower damage**.



INTRODUCTION

The **Himalayas**, a young and fragile mountain system, are increasingly vulnerable to **climate change and extreme events**. Natural hazards like **GLOFs, flash floods and landslides** are being amplified by warming and unplanned development, making **risk reduction and vulnerability management** the key priority.

BACKGROUND & MAGNITUDE OF THE CHALLENGE

A. Increasing Cryospheric Vulnerability

1. **Glacier Melting and Retreat:** Rising temperatures accelerate glacier melting, causing glaciers to lose mass and retreat. This alters river flows and increases the formation of unstable water bodies in high-altitude regions.
2. **Formation and Expansion of Glacial Lakes:** Meltwater accumulates behind natural barriers such as moraines, forming glacial lakes. Continued melting enlarges these lakes and increases the risk of sudden dam failure and **GLOFs**.
3. **Ice-Rock Avalanches:** Warming destabilises glaciers, ice and surrounding mountain slopes. Their sudden collapse can displace huge volumes of water, triggering avalanches, floods and debris flows.

B. Growing Glacial Lake Risk

1. **Sudden GLOF Events:** A **GLOF** occurs when the natural barrier of a glacial lake fails, releasing enormous volumes of water within a short period. Its sudden nature leaves downstream communities and infrastructure with very limited response time.
2. **Large Number of Vulnerable Lakes:** The Indian Himalayas contain thousands of glaciers and glacial lakes, many located in remote and unstable terrain. This creates a vast and difficult-to-monitor disaster-risk landscape.

3. **Monitoring Challenges:** Remote sensing helps track changes in glacier and lake size, but cannot always predict sudden collapse. Ground verification remains difficult due to high altitude, harsh weather and inaccessible terrain.

C. Increasing Extreme Weather

1. **Cloudbursts:** Cloudbursts involve extremely intense rainfall over a small area within a short duration. In steep Himalayan terrain, they can rapidly trigger flash floods, landslides and debris flows.
2. **Intense Monsoon Rainfall:** Climate change is increasing the variability and intensity of monsoon rainfall. Short-duration, high-intensity precipitation overwhelms fragile slopes and river systems.
3. **Western Disturbances:** These extratropical weather systems can bring heavy rain or snowfall to the Himalayas. Their interaction with monsoon conditions can produce intense and unpredictable weather events.
4. **Flash Floods:** Sudden heavy rainfall, glacier collapse or dam failure can rapidly raise river levels. The narrow Himalayan valleys intensify the destructive force of such floods.
5. **Landslides:** Heavy rainfall saturates fragile slopes and reduces their stability, causing slope failure. Road construction, deforestation and unplanned development further aggravate this vulnerability.
6. **Avalanches:** Accumulated snow, ice or rocks can suddenly slide down steep slopes due to warming or external triggers. Such events can block rivers and trigger secondary floods downstream.

CHALLENGES / STRUCTURAL BOTTLENECKS

1. **Fragile Himalayan Geology:** Young mountains, steep slopes, weak rocks, seismic activity and high erosion make the Himalayas inherently prone to **landslides, avalanches and slope failures**.
2. **Climate Change as a Risk Multiplier:** Changing glaciers, snowfall, permafrost, temperature and rainfall patterns are **amplifying hazards and making their timing increasingly unpredictable**.
3. **Infrastructure in Hazard-Prone Areas:** Roads, tunnels, bridges and hydropower projects concentrated in narrow valleys face **high exposure to floods, landslides, avalanches and debris flows**.
4. **Settlement Pressure:** Economic dependence on valleys and river corridors makes relocation difficult, requiring **alternative livelihoods and social infrastructure** alongside risk-based land-use planning.
5. **Difficulty of Glacier Monitoring:** Satellites can track glacier and lake changes, but **accurately predicting sudden glacier collapse or GLOFs remains highly challenging**.
6. **Inadequate Ground Verification:** Remote sensing requires field validation, but **high altitude, harsh weather and inaccessible terrain** constrain regular ground-based monitoring.
7. **Last-Mile Early Warning Gap:** Poor connectivity, inadequate evacuation routes, shelters and awareness can prevent **timely warnings from translating into effective evacuation and action**.
8. **Transboundary Nature of Risk:** Himalayan rivers and glaciers cross borders, making **regional data-sharing, early warnings and coordinated disaster management** essential.

WHY EXISTING APPROACHES ARE INSUFFICIENT

- **Reactive Disaster Management:** Focus remains on **rescue, relief and reconstruction** after disasters rather than proactive risk assessment, prevention, mitigation and preparedness.
- **Monitoring–Prediction Gap:** Satellite technology can **detect glacier and lake changes**, but accurately predicting the timing of sudden glacier collapse or GLOFs remains difficult.
- **Fragmented Project Assessment:** Environmental assessments often focus on individual projects, overlooking the **cumulative impact of dams, roads, tunnels, tourism and settlements** on fragile Himalayan ecosystems.
- **Warning–Action Gap:** Early warnings are ineffective without **evacuation routes, shelters, communication, transport and community preparedness**; hence, early warning must translate into early action.

COMMITTEE / INSTITUTIONAL RECOMMENDATIONS

1. NDMA

- **Risk Mapping & Early Warning:** Strengthen hazard zonation, glacier/GLOF monitoring and early-warning systems to identify risks and enable timely evacuation.
- **Resilient Communities & Infrastructure:** Promote capacity building, community preparedness and **disaster-resilient infrastructure** to reduce vulnerability and improve response.

2. Sendai Framework (2015–2030)

- **Risk Governance & Prevention:** Prioritise understanding disaster risks, strengthening institutions and integrating **disaster-risk reduction into development planning**.
- **Resilience & Preparedness:** Increase investment in resilience, preparedness and effective response, with a focus on **“Build Back Better”** after disasters.

WAY FORWARD

1. **Integrated Himalayan Risk Observatory:** Integrate **glacier, rainfall, river-flow, seismic, landslide and infrastructure data** for real-time assessment of cascading risks.
2. **Risk-Based Glacial Lake Zonation:** Classify glacial lakes based on **size, expansion rate, dam stability and downstream exposure** to prioritise high-risk sites.
3. **Satellite + Ground Monitoring:** Combine **remote sensing with drones, sensors, weather stations and field surveys** for accurate and continuous glacier-risk assessment.
4. **Risk-Sensitive Infrastructure:** Incorporate **GLOF modelling, flood and landslide assessments and climate projections** into the design and location of Himalayan infrastructure.
5. **Regulate Hazard-Zone Development:** Enforce **no-build, restricted-development and safe zones** based on scientific hazard mapping and ecological carrying capacity.
6. **Community-Based Disaster Management:** Equip local communities with **early warnings, evacuation training, shelters and emergency resources** as first responders.
7. **Transboundary Early-Warning Mechanisms:** Strengthen regional cooperation for **real-time river, glacier and weather data-sharing**, joint risk assessment and coordinated response.

8. **Mainstream Disaster Risk in Development:** Make **disaster and climate-risk assessment mandatory** in project planning, budgeting and approvals rather than treating it as an afterthought.

CONCLUSION

The Himalayan crisis represents the intersection of **climate change, ecological fragility and development pressure**. Natural hazards cannot be eliminated, but their conversion into disasters can be prevented.

Q. "Climate change is transforming the Himalayan region's natural hazards into compound and cascading disasters." Discuss the major vulnerabilities of the Himalayas and suggest measures for building disaster-resilient development. 15 Marks

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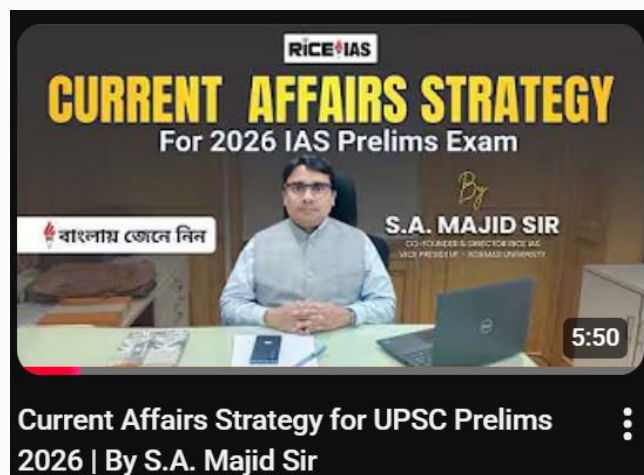
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