



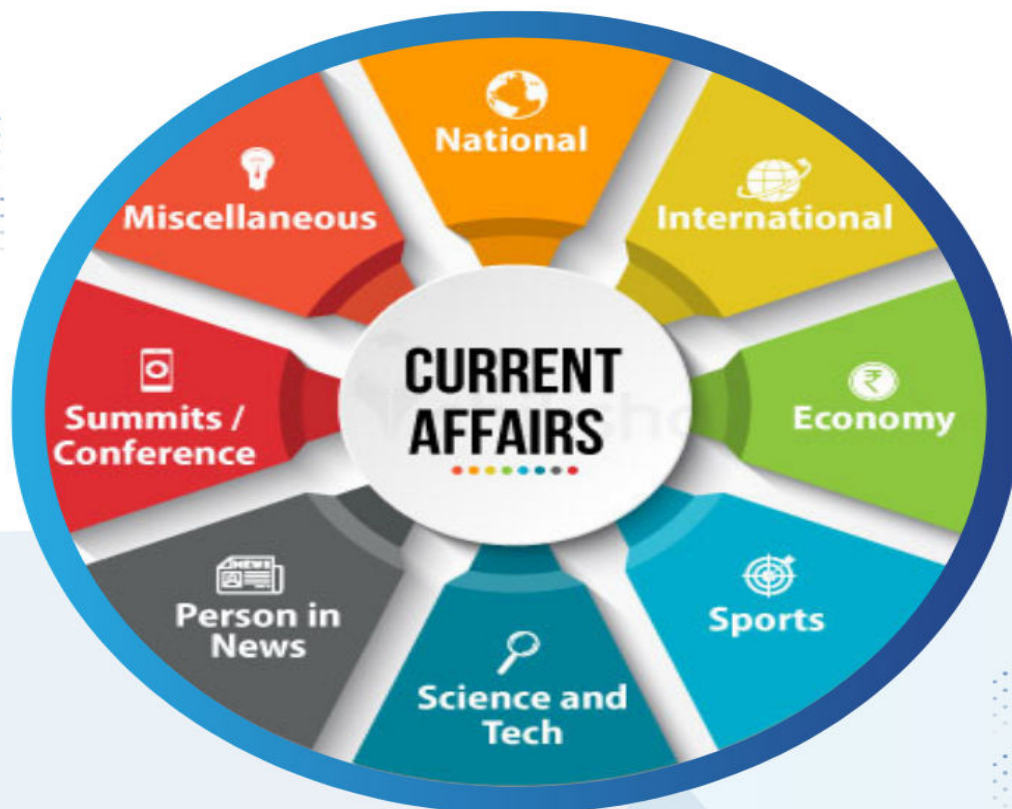
“ We help you reach for the star ”

# VIDHVATH IAS KAS ACADEMY & STUDY CENTRE

## DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

**DATE: 12/06/2026 (FRIDAY)**



**9972258970 & 9740702455**

**#317/A SKB Arcade, D. Subbaiah Road,  
Ramaswamy Circle, Mysuru-570004**



## **Table of Contents**

1. Shift in Indian IT: Transitioning from Labour to AI Arbitrage .....	2
2. Financial Inclusion Trends: Gender Gap in Indian Retail Investing.....	3
3. Monsoon Deficiency: Rising Input Costs and Energy Pressures in Indian Agriculture .....	4
4. Wage Structural Shifts: Corporate Alignment with New Labour Codes .....	5
5. FDI Inflows into India: Landmark Growth and Economic Implications .....	6
6. Security Paradigm Shift: Strategic De-escalation of AFSPA in Northeast India .....	7
7. Epidemic Management: Containment Strategy for the Nipah Outbreak in Kerala .....	9
8. Regulatory Overreach: The Foreign Contribution (Regulation) Amendment Bill, 2026 .....	10
9. Labor Code Rules: Critical Gaps and Worker Vulnerability .....	11
10. Decentralized Planning: Key Outcomes of NITI Aayog Governing Council Meeting .....	12
11. Judicial Enforcement: Supreme Court Mandate on Strict PC&PNDT Act Implementation .....	13
12. Global Headwinds and Domestic Resilience: World Bank Growth Outlook.....	15



**VIDHVATH IAS ACADEMY**



## 1. Shift in Indian IT: Transitioning from Labour to AI Arbitrage

- **Contextual Pivot:** Tata Consultancy Services (TCS) leadership announced a structural transition where AI agents will match human employees in scale, marking the official end of the traditional headcount-driven growth model in India's \$250+ billion IT sector.
- **The Arbitrage Paradigm Shift:** The decades-old "labour arbitrage" model (low-cost skilled human resource) is being replaced by "AI arbitrage," where competitiveness depends on deploying automated, AI-native services and proprietary intellectual property to maximize operational margins.
- **Impact on Employment Ecosystem:** Macro-level hiring contraction will erode the traditional engineering pyramid, reduce bench strength, and compress entry-level white-collar job creation, intensifying global competition from emerging tech hubs in Eastern Europe and Latin America.
- **Emerging Tech Fronts:** Future tech growth is consolidating into five specific verticals: legacy system modernization, business operations redesign, AI agent governance, cyber-physical AI deployment, and building localized sovereign AI infrastructure.
- **Workforce Re-skilling:** Standard execution tasks like routine coding, basic testing, and support are facing automation; survival demands transition toward value-driven expertise, including prompt engineering, complex systems integration, and strategic client engagement.

### Key Definitions

- **Labour Arbitrage:** The economic practice of mitigating costs by utilizing skilled workforce from countries with lower wages and living costs to deliver services globally.
- **AI Arbitrage:** Competitive advantage derived from leveraging automated AI systems and intellectual property to deliver high-value business outcomes faster and cheaper than human labour.
- **Sovereign AI:** A nation's independent capability to develop, govern, and maintain AI infrastructure using its own data, culture, workforce, and computational resources.



### Constitutional & Legal Provisions

- **Article 39(a) of the Constitution:** Directive Principles of State Policy (DPSP) obligate the State to ensure that citizens have the right to an adequate means of livelihood, highlighting the policy challenge of AI-driven job displacement.
- **Article 41:** Directs the State to ensure the right to work and education within its economic capacity, necessitating state-led tech upskilling initiatives.
- **Digital Personal Data Protection (DPDP) Act, 2023:** Governs data processing and privacy standards, directly impacting how AI agents train on enterprise data.
- **National Strategy for Artificial Intelligence (#AIforAll):** NITI Aayog's roadmap to position India as a global leader in AI development and ethical deployment.

### Conclusion & UPSC Relevance

**Conclusion:** The structural shift from volume-driven execution to value-driven tech expertise represents an evolutionary milestone. While it presents an existential challenge to traditional job creation, it offers India a unique opportunity to transition from the "world's back-office" to a global hub for high-end AI transformation. **UPSC Relevance:**



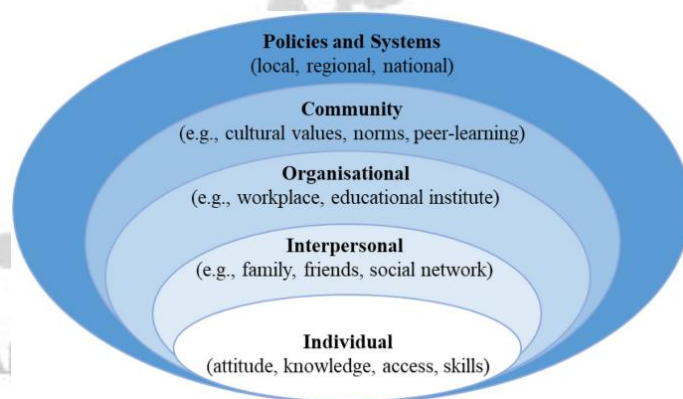
- **GS Paper II:** Governance and policies regarding emerging technologies, data sovereignty, and regulatory frameworks for AI.
- **GS Paper III:** Economic Development, changes in industrial policy, impacts of automation on employment, and science & technology advancements.

## 2. Financial Inclusion Trends: Gender Gap in Indian Retail Investing

- **Expanding Retail Investment:** Urban India is witnessing a structural shift from a culture of high savings to active investing, with individuals holding a diversified mix of both physical and financial assets rising from 35% in 2022 to 45% in 2026.
- **Persistent Gender Divide:** Despite a shrinking pool of non-investors overall, a stark gender gap remains; nearly 28% of women do not invest at all compared to 19% of men, a divide most pronounced in tier-3 cities and among Gen Z cohorts.
- **Asset Allocation Divergence:** Investment preferences vary heavily by gender; men show a higher affinity for market-linked equities (34%), whereas women prefer safe-haven assets, heavily favoring gold jewelry and gold ETFs (26%).
- **Socio-Economic Barriers:** High female non-investment and financial dependence tie back to structurally low urban female labor force participation, leaving women disproportionately vulnerable to unexpected household economic shocks.
- **Critical Vulnerability Window:** While a majority of urban households feel prepared for medical emergencies or job losses, less than half (46%) feel equipped to handle the death of a primary breadwinner, with women feeling the least secure (42%).

### Key Definitions

- **Financialization of Savings:** The structural transition of household savings from traditional physical assets (like real estate or physical cash) into organized financial instruments like stocks, mutual funds, and bonds.
- **Gold Exchange-Traded Funds (ETFs):** Commodity-based mutual funds that track the market price of physical gold, allowing investors to trade gold value on stock exchanges without holding the physical asset.
- **Gender Wealth Gap:** The systemic disparity in accumulated assets, investment ownership, and financial security between men and women within an economy.



### Constitutional & Legal Provisions

- **Article 15 of the Constitution:** Prohibits state discrimination on grounds of sex, serving as the constitutional baseline for policy interventions targeting women's economic and financial empowerment.
- **Article 39(d):** Establishes the Directive Principle of equal pay for equal work for both men and women, directly influencing disposable income and independent investing capacity.



- **National Strategy for Financial Inclusion (2019-2024):** Government roadmap aimed at expanding digital financial literacy, formal banking access, and livelihood opportunities across underserved demographics, particularly women and tier-3 rural-urban hubs.

### Conclusion & UPSC Relevance

**Conclusion:** True financial inclusion requires moving beyond basic banking access toward proactive retail investment participation. Addressing the gender investment gap through targeted financial literacy and structural employment reforms is critical to building resilient social safety nets for Indian households. **UPSC Relevance:**

- **GS Paper I:** Social issues, women empowerment, and demographic structural shifts in urban Indian society.
- **GS Paper III:** Indian Economy, mobilization of resources, financial sector developments, inclusive growth, and formalization of household savings.

### 3. Monsoon Deficiency: Rising Input Costs and Energy Pressures in Indian Agriculture

- **Monsoon Dependency and Shock:** The South-West monsoon drives over 70% of India's annual rainfall, meaning erratic or below-normal precipitation forces an immediate structural shift toward groundwater extraction to sustain standing Kharif crops.
- **Energy Consumption Squeeze:** The farm sector consumes nearly 2/5 (40%) of India's annual diesel demand of 92 million tonnes and 1/5 (20%) of its total electricity consumption of 1,700 terawatt-hours, turning dry spells into massive energy demand shocks.
- **Fiscal Burden on Farmers:** Increased reliance on diesel-run pump sets and electricity-powered tube wells drastically escalates input costs per acre, squeezing net margins and accelerating agricultural debt cycles.
- **Grid and Utility Vulnerability:** The surge in power demand for irrigation places immense operational and financial stress on state power distribution companies (DISCOMs) due to subsidized farm electricity tariffs.
- **Regional Disparities:** Groundwater-dependent and heavily mechanized agricultural zones, specifically Punjab, Haryana, and Western Uttar Pradesh, face the highest risk of acute power shortages and soaring fuel bills.



### Key Definitions

- **Kharif Season:** The summer cropping season in India (sown in June-July and harvested in October-November), highly dependent on the South-West monsoon for crops like paddy, maize, and cotton.
- **Groundwater Over-exploitation:** The extraction of groundwater from aquifers at a rate that exceeds its natural recharge capacity, leading to falling water tables and environmental degradation.
- **DISCOM Stress:** The structural financial deficit faced by power distribution companies, exacerbated by high transmission losses and unrecovered costs from subsidized agricultural power supplies.



## Constitutional & Legal Provisions

- **Article 48 of the Constitution:** A Directive Principle directing the State to organize agriculture and animal husbandry on modern and scientific lines, which includes building climate-resilient irrigation infrastructure.
- **Entry 17 (State List, Seventh Schedule):** Places water, irrigation, canals, drainage, and water power under the legislative domain of individual states.
- **Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM-KUSUM):** A flagship scheme aimed at de-dieselizing the farm sector by replacing traditional pumps with solar-powered irrigation systems.

## Conclusion & UPSC Relevance

**Conclusion:** A deficit monsoon impacts more than just crop yields; it triggers an energy-agriculture nexus crisis by raising farming costs and straining the power grid. True climate resilience requires a rapid transition toward solar irrigation and water-efficient agronomic practices to insulate farmers from fuel shocks. **UPSC Relevance:**

- **GS Paper III:** Indian economy, cropping patterns, irrigation systems, agricultural input costs, subsidies, and energy infrastructure challenges.
- **GS Paper II:** Centre-state cooperative federalism in managing water resources and executing agricultural energy policies.

## 4. Wage Structural Shifts: Corporate Alignment with New Labour Codes

- **The 50% Wage Mandate:** Under India's consolidated Labour Codes, the definition of "wages" has been widened to ensure that the basic pay component comprises at least 50% of the total cost-to-company (CTC) remuneration package.
- **Impact on Payouts and Corporate Profits:** This mandatory restructuring significantly drives up statutory corporate liabilities toward employee Provident Fund (PF) contributions, gratuity, and leave encashment, which delivered a ₹12,000-crore impact on the profits of top Indian companies.
- **The Take-Home Pay Tradeoff:** If an employer's total CTC remains unchanged, increasing the statutory retirement benefit portion directly reduces an employee's immediate net take-home salary.
- **Strategic Allowance Restructuring:** To protect cash-in-hand without inflating operational costs, India Inc. is leveraging a diverse menu of tax-efficient allowances, including professional development, communication, uniform, and vehicle lease benefits.
- **Dual Alignment with Tax Regimes:** Corporate compensation redesigning is simultaneously leveraging the provisions of the new income tax regime, offering structured allowances to optimize tax efficiency for the salaried class during a period of muted appraisal cycles.





## Key Definitions

- **Code on Wages:** A legislative consolidation of historical central labour laws (including the Payment of Wages Act and Minimum Wages Act) aimed at standardizing wage definitions and timely payouts across business sectors.
- **Cost-to-Company (CTC):** The total annual financial expenditure incurred by an employer on an employee, encompassing direct salary, indirect benefits, and statutory retirement contributions.
- **Gratuity:** A statutory financial component paid by an employer to an employee as a token of gratitude for services rendered, upon the termination of employment after completing a minimum specified tenure.

## Constitutional & Legal Provisions

- **Article 39(d) of the Constitution:** A Directive Principle mandating equal pay for equal work for both men and women, forming the philosophical basis for wage regularizations.
- **Article 43:** Directs the State to secure a living wage, decent standard of life, and social security assurances for all categories of workers.
- **The Four Labour Codes (2019-2020):** Central codes amalgamating 29 central labour laws into four distinct segments: Wages; Industrial Relations; Social Security; and Occupational Safety, Health and Working Conditions.

## Conclusion & UPSC Relevance

**Conclusion:** Corporate restructuring of compensation packages highlights the complex interface between statutory compliance and market competitiveness. Balancing long-term social security benefits for the workforce with short-term liquidity needs remains essential for sustaining industrial growth and harmonious labor relations. **UPSC Relevance:**

- **GS Paper II:** Government policies, regulatory frameworks, legislative interventions for labor welfare, and socio-economic governance.
- **GS Paper III:** Indian Economy, industrial growth, employment patterns, changes in corporate investment, and formalization of social security systems.

## 5. FDI Inflows into India: Landmark Growth and Economic Implications

- **Unprecedented Capital Inflows:** India attracted a massive cumulative Foreign Direct Investment (FDI) inflow of \$843 billion between 2014-15 and 2025-26, representing a structural leap in external capital mobilization.
- **Exceptional Growth Trajectory:** The volume of FDI over this recent 12-year window marks a 169% increase compared to the preceding 12-year period, reflecting sustained improvement in the ease of doing business.
- **Record-Breaking Resilience:** Despite persistent global macroeconomic headwinds, tightening monetary policies, and geopolitical uncertainties, India registered its highest-ever single-year FDI inflow of \$94.53 billion in the fiscal year 2025-26.
- **Institutional Drivers:** This investment surge is primarily propelled by proactive liberalizations implemented by the Department for Promotion of Industry and Internal Trade (DPIIT), including the expansion of automatic approval routes.



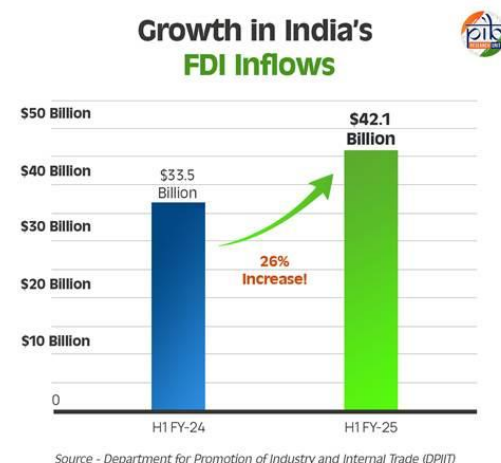
- **Strategic Sectoral Focus:** The sustained capital inflows have shifted toward high-growth, technology-driven, and manufacturing segments, reinforcing India's position as a reliable alternative destination in global supply chains.

### Key Definitions

- **Foreign Direct Investment (FDI):** An investment made by a firm or individual in one country into business interests located in another country, typically by establishing business operations or acquiring tangible assets.
- **Automatic Route:** An FDI channel where the non-resident investor or the Indian company does not require any prior approval from the Reserve Bank of India (RBI) or the Government of India before making the investment.
- **DPIIT:** The Department for Promotion of Industry and Internal Trade, a nodal central agency functioning under the Ministry of Commerce and Industry responsible for formulating and implementing FDI policies.

### Constitutional & Legal Provisions

- **Entry 84 (Union List, Seventh Schedule):** Grants the Parliament exclusive legislative competence over duties of customs, export duties, and external trade-related fiscal regulations.
- **Foreign Exchange Management Act (FEMA), 1999:** The primary legislative framework that consolidates and amends the laws regulating foreign exchange and cross-border capital movements in India.
- **FDI Policy Framework:** Consolidated administrative guidelines issued under FEMA regulations that specify sectoral caps, entry routes, and compliance conditionalities for foreign investors.



### Conclusion & UPSC Relevance

**Conclusion:** Achieving a historic \$94.53 billion in FDI during global volatility highlights India's strong macroeconomic fundamentals. To ensure long-term inclusive growth, policy focus must remain on distributing these investments evenly across lagging sectors and states, transforming financial capital into domestic manufacturing capability. **UPSC Relevance:**

- **GS Paper III:** Indian Economy, mobilization of resources, industrial policy changes, infrastructure growth, and the impact of liberalisation on different sectors of the economy.
- **GS Paper II:** Government policies, regulatory bodies like DPIIT and RBI, and international institutional frameworks shaping trade relations.

## 6. Security Paradigm Shift: Strategic De-escalation of AFSPA in Northeast India

- **Phased Withdrawal Timeline:** The Union Government announced a strategic timeline to entirely withdraw the Armed Forces (Special Powers) Act (AFSPA) from almost all Northeast states by next year, signaling a major transition from military-enforced stability to normalized civil governance.
- **Security-Development Nexus:** The gradual shrinkage of areas under AFSPA is directly correlated with an 80% reduction in regional insurgency and violence since 2019, driven by the successful execution of 12 peace accords with various insurgent factions.



- **Unlocking Geo-Economic Potential:** A landmark tripartite MoU between the Centre, Assam, and Nagaland has resolved a 30-year border dispute, paving the way for multi-fold expansion in hydro-carbon exploration and mineral extraction in the sensitive boundary belt.
- **Strategic Energy Security:** Resuming exploration along the Assam-Nagaland border is projected to scale localized extraction from 1,000-1,500 barrels per day up to ten times that volume, directly advancing India's macro goal of reducing external crude oil dependence.
- **Cooperative Federalism Model:** The resolution of long-standing inter-state jurisdictional conflicts via tripartite negotiations demonstrates the application of cooperative federalism to balance security, state autonomy, and shared natural resources.

### Key Definitions

- **AFSPA (Armed Forces Special Powers Act):** A statutory framework enacted by Parliament that grants special powers and legal immunity to the armed forces to maintain public order in areas officially declared as "disturbed areas."
- **Tripartite Memorandum of Understanding:** A legally binding administrative agreement executed between three distinct stakeholders—in this context, the Central Government and two sovereign state governments.
- **Disturbed Area:** A geographical region officially designated under Section 3 of AFSPA where the administration deems the use of armed forces necessary to supplement civil power due to internal security threats.

### Constitutional & Legal Provisions

- **AFSPA, 1958 (Section 3):** Empowers the Governor of a State, the Administrator of a Union Territory, or the Central Government to officially declare the whole or part of a state as a disturbed area via a gazette notification.
- **Article 355 of the Constitution:** Imposes a mandatory duty on the Union Government to protect every individual State against external aggression and internal disturbance.
- **Entry 1 (Public Order) & Entry 2 (Police), State List:** Places primary internal security responsibilities with State Governments, creating a constitutional overlap when central forces are deployed under AFSPA.

### Conclusion & UPSC Relevance

**Conclusion:** The targeted rollback of AFSPA marks an evolutionary shift from hard counter-insurgency operations to a proactive, development-led peace architecture. Sustaining this transition requires building robust local police capacities and establishing transparent institutional mechanism to govern inter-state resource sharing. **UPSC Relevance:**

- **GS Paper III:** Internal security challenges, links between extremism and development, role of external state and non-state actors, and security challenges in border areas.
- **GS Paper II:** Statutory bodies, regulatory frameworks, federal structures, and the impact of cooperative federalism on resolving inter-state border disputes.



## 7. Epidemic Management: Containment Strategy for the Nipah Outbreak in Kerala

- **Active Vigilance and Contact Tracing:** The Kerala Health Department has initiated aggressive contact tracing, identifying 77 individuals across tiered risk categories (highest, high, and low risk) to prevent human-to-human transmission of the Nipah virus in Kozhikode.
- **Epidemiological Mapping:** Authorities are reconstructing a detailed route map of the patient's movements since mid-May to identify potential community exposure windows across multiple healthcare facilities.
- **Proactive Clinical Surveillance:** A dedicated control room and a Rapid Response Team (RRT) have been institutionalized to streamline logistics, ensure adequate stocks of Personal Protective Equipment (PPE), and manage isolation infrastructure.
- **Nosocomial Transmission Prevention:** With 58 healthcare workers identified on the contact list, medical protocols are heavily focused on eliminating hospital-acquired infections through strict biosecurity measures.
- **Calibrated Containment Policy:** Due to the absence of secondary symptomatic cases, the administration has opted for a targeted isolation strategy rather than imposing broad, economically disruptive geographic containment zones.

### Key Definitions

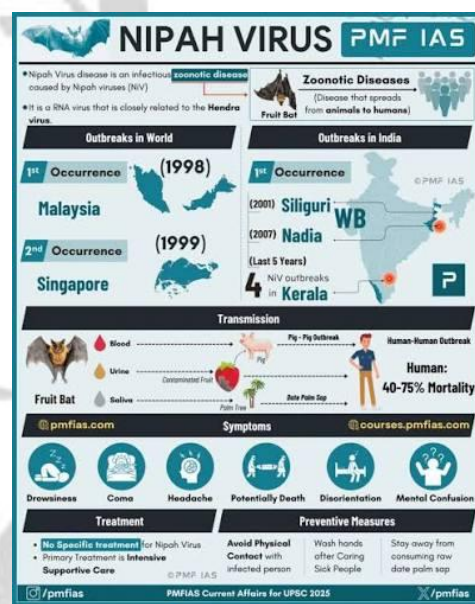
- **Nipah Virus (NiV):** A zoonotic, biosafety level 4 (BSL-4) RNA virus primarily transmitted to humans from fruit bats (Pteropodidae family), carrying a high case-fatality rate and causing acute respiratory infection or fatal encephalitis.
- **Nosocomial Transmission:** An infection or disease acquired specifically within a hospital or healthcare service environment that was not present or incubating at the time of admission.
- **Encephalitis:** An acute inflammation of the brain tissue, frequently caused by viral infections, resulting in neurological deficits, seizures, or coma.

### Constitutional & Legal Provisions

- **Article 21 of the Constitution:** Establishes the fundamental right to life, which the Supreme Court has consistently interpreted to encompass the right to public health and timely medical treatment.
- **Entry 6 (Public Health and Sanitation; Hospitals and Dispensaries), State List:** Places the primary legislative and executive responsibility for epidemic containment and medical infrastructure with state governments.
- **Epidemic Diseases Act, 1897:** Provides special statutory powers to state governments and temporary regulations required to prevent the spread of dangerous epidemic diseases.

### Conclusion & UPSC Relevance

**Conclusion:** The targeted containment response in Kerala emphasizes the critical importance of robust local health governance, rapid contact tracing, and precise epidemiological mapping. Mitigating recurrent zoonotic spillovers permanently requires a multi-sectoral One Health framework integrating human, animal, and environmental surveillance. **UPSC Relevance:**





- **GS Paper III:** Science and technology developments, public health challenges, zoonotic diseases, biosecurity, and disaster management protocols.
- **GS Paper II:** Governance frameworks, the role of state machinery in managing biological crises, and federal statutory provisions like the Epidemic Diseases Act.

## 8. Regulatory Overreach: The Foreign Contribution (Regulation) Amendment Bill, 2026

- **Expansion of Executive Control:** The Foreign Contribution (Regulation) Amendment (FCRA) Bill, 2026, marks a structural shift from merely regulating external funding to enabling extensive state control over the assets and operations of civil society organizations, charitable trusts, and educational and religious institutions.
- **Mechanism of Asset Vesting:** Under the proposed Section 16A, when an organization's FCRA registration is cancelled, surrendered, or ceases, its foreign contributions and derived assets "provisionally vest" in a government-appointed Designated Authority without prior judicial review, with permanent sale proceeds credited to the Consolidated Fund of India.
- **Procedural Paralysis and Cessation:** The newly introduced Section 14B establishes automatic "cessation" of registration if an institution fails to apply for renewal on time or if the renewal remains pending, allowing bureaucratic and administrative delays to effectively freeze organizational functioning.
- **Centralization of Enforcement:** Amendments to Section 43 centralize investigative authority by requiring prior Union government approval before state agencies can probe FCRA violations, while a revised Section 13 bars organizations from managing assets during suspension periods without explicit central clearance.
- **Socio-Economic and Sectoral Fallout:** Revocation of licenses threatens community welfare infrastructure, including child protection, healthcare, and education. Civil society accounts for substantial employment, and administrative closures directly impact livelihoods and essential services for vulnerable groups.



### Key Definitions

- **Provisional Vesting:** The temporary administrative assumption of control, management, and custody of an organization's properties and financial assets by a state-designated authority pending a final statutory determination.
- **Consolidated Fund of India:** The primary repository of all government inflows, including taxes, loans, and revenues, established under Article 266(1) of the Constitution, into which permanent asset liquidation proceeds will be credited under the new bill.
- **Cessation of Registration:** The automatic termination of an entity's legal authorization to receive foreign funds due to a lapse in timeframe or pending status, distinct from an active punitive cancellation.

### Constitutional & Legal Provisions

- **Article 19(1)(c):** Guarantees citizens the fundamental right to form associations or unions, which faces structural constraints under expansive executive regulatory mechanisms.



- **Articles 26, 29, and 30:** Protect the rights of religious denominations and minorities to manage their own affairs, establish educational institutions, and administer institutional properties.
- **Article 300A:** Mandates that no person shall be deprived of their property save by authority of law, anchoring the requirement of due process and judicial recourse against asset expropriation.

### Conclusion & UPSC Relevance

**Conclusion:** While safeguarding national security and financial transparency are vital state objectives, regulatory frameworks must balance security with due process and independent judicial oversight. Protecting the operational autonomy of civil society is essential for maintaining robust public welfare delivery and sustaining democratic checks and balances. **UPSC Relevance:**

- **GS Paper II:** Development processes and the development industry—the role of NGOs, SHGs, various groups, and institutional stakeholders; statutory, regulatory, and various quasi-judicial bodies.
- **GS Paper III:** Internal security challenges, evaluation of regulatory laws, and the socio-economic impact of structural changes in the voluntary sector.

## 9. Labor Code Rules: Critical Gaps and Worker Vulnerability

- **Prolonged Operationalization Framework:** The notification of rules for the four consolidated labor codes completes a six-year implementation framework since their enactment in 2019-20, yet faces severe criticism from academics and trade unions for failing to address core regressive provisions.
- **Institutionalizing Precarious Labor:** The rules for the Industrial Relations Code, 2020 remain silent on minimum tenures or renewal caps for Fixed-Term Employment (FTE), creating a structural vulnerability where permanent regular positions risk getting converted into perpetual short-term contracts.
- **Methodological Flaws in Wage Determination:** The Code on Wages Rules calculate hourly wages by dividing the daily rate by eight, a pro-rata approach that ignores the underemployment realities of gig, platform, and domestic workers who lack continuous hourly engagement throughout the day.
- **Perpetuation of Gender Bias:** By maintaining historical consumption weights that assign an adult female 0.8 units compared to 1.0 unit for an adult male within a standard four-member household unit, the minimum wage calculation framework structurally perpetuates gender-based economic disparities.
- **Marginalization of Gig and Informal Sectors:** The Social Security Rules fail to clarify formal employment relationships for gig workers, continuing to classify them as self-employed unorganized labor while omitting enforcement modalities for mandatory gratuity insurance and core-periphery contract labor boundaries.



**Result of Rationalizing Labour Laws**

### Key Definitions

- **Fixed-Term Employment (FTE):** A contractual employment arrangement where an individual is hired for a pre-defined, specific time period with statutory benefits parity, but without any implicit guarantee of long-term tenure renewal.



- **Floor Wage:** A baseline minimum wage trajectory determined by the Central Government across geographical regions, below which no state government can fix its respective statutory minimum wages.
- **Core Activities:** The primary, non-perennial operational functions of an establishment directly linked to its essential business mandate, traditionally protected from arbitrary informalization via contract labor.

### Constitutional & Legal Provisions

- **Article 39(a) and 39(d) of the Constitution:** Directive Principles mandating that the State secure adequate means of livelihood for all citizens and ensure equal pay for equal work for both men and women.
- **Article 42 and 43:** Casts a constitutional duty to secure just and humane conditions of work, maternity relief, and a living wage ensuring a decent standard of life for the industrial and agrarian working class.
- **The Four Labor Codes:** The legislative amalgamation of 29 central labor statutes into four distinct statutory frameworks governing Wages, Industrial Relations, Social Security, and Occupational Safety.

### Conclusion & UPSC Relevance

**Conclusion:** The finalized rules represent a missed policy opportunity to balance economic flexibility with labor welfare. To prevent the unchecked informalization of India's workforce, subsequent policy revisions must institute robust social security nets for the gig economy, objective floor wage frameworks, and precise legal boundaries for fixed-term contracts. **UPSC Relevance:**

- **GS Paper III:** Indian Economy, mobilization of resources, industrial policy, changes in employment patterns, informalization of labor, and inclusive growth challenges.
- **GS Paper II:** Governance, government policies and interventions for development in various sectors, and issues arising out of their design and implementation.

### 10. Decentralized Planning: Key Outcomes of NITI Aayog Governing Council Meeting

- **Grassroots Economic Mapping:** At the 11th Governing Council meeting, the Prime Minister directed state governments to develop localized, district-level GDP estimates to identify and systematically address growth challenges at the grassroots level.

- **Cooperative Federalism in Action:** The apex forum brought together the Prime Minister, Chief Ministers, and Union Ministers to deliberate on shared economic priorities, highlighting NITI Aayog's institutional role in replacing top-down planning with cooperative federalism.



- **FDI Redressal and Investment Mobilization:** States were urged to actively pursue foreign direct investment from partner countries by establishing fast-track grievance redressal mechanisms to resolve investor bottlenecks swiftly.



- **Energy Security Demands:** State leadership emphasized the critical need for affordable and reliable energy access as a baseline prerequisite to sustain industrialization, agrarian productivity, and regional economic competitiveness.
- **Evidence-Based Policy Formulation:** Transitioning toward district-level data aggregation marks a structural shift aimed at minimizing regional disparities, ensuring granular resource allocation, and optimizing target delivery for welfare schemes.

### Key Definitions

- **NITI Aayog Governing Council:** The apex decision-making body of NITI Aayog, chaired by the Prime Minister and comprising all state Chief Ministers, Lieutenant Governors of Union Territories, and select Union Ministers.
- **District GDP (Gross District Domestic Product):** A macroeconomic metric that quantifies the total monetary value of all final goods and services produced within the geographic boundaries of a specific district during a given financial year.
- **Bottom-Up Planning:** An economic planning paradigm where developmental targets, strategies, and resource requirements are formulated based on local needs at the village or district level before being integrated into national policy.

### Constitutional & Legal Provisions

- **Article 243ZD of the Constitution:** Mandates the constitution of a District Planning Committee (DPC) in every state to consolidate the plans prepared by Panchayats and Municipalities, anchoring district-level planning in law.
- **Seventh Schedule (Distribution of Legislative Powers):** Features key sectors like Industry and Economic Planning under the Concurrent List (Entry 20), requiring institutional coordination between Central directives and State execution.
- **Article 293:** Governs the borrowing powers of States, directly impacting how state administrations fund energy infrastructure and localize developmental investments.

### Conclusion & UPSC Relevance

**Conclusion:** Shifting toward district-level economic estimation represents a vital maturity phase in India's developmental planning. For this decentralized model to succeed, states must build robust statistical databases at the municipal level and ensure uninterrupted, cost-effective energy access to unlock rural industrial potential. **UPSC Relevance:**

- **GS Paper II:** Statutory, regulatory, and various quasi-judicial bodies; features and structural challenges of cooperative federalism; and decentralization of powers up to the local level.
- **GS Paper III:** Indian Economy, issues relating to planning, mobilization of resources, growth, development, and infrastructure challenges in the energy sector.

## 11. Judicial Enforcement: Supreme Court Mandate on Strict PC&PNDT Act Implementation

- **Judicial Accountability for Medical Malpractice:** A Supreme Court bench consisting of Justices Sanjay Karol and P.K. Mishra dismissed an appeal by a medical practitioner seeking to challenge criminal proceedings, reinforcing zero-tolerance for violations under the PC&PNDT Act.



- **Persistent Structural Patriarchal Bias:** The apex court observed that despite modest improvements in national demographic indicators, "deep-seated patriarchal preferences" and "behind the curtains" illegal sex-selection practices continue to compromise gender balance.
- **Child Sex Ratio Trajectory:** The Court highlighted historical Census data showing a decline in the national child sex ratio from 945 in 1991 to 927 in 2001, and further down to 919 in 2011, establishing why stringent punitive legislation became a demographic necessity.
- **Uneven Regional Recovery:** While the national sex ratio at birth has staged a partial recovery to 929—showing positive trends in historically low-performing states like Haryana and Punjab—regional variations remain stark, leaving no room for administrative complacency.
- **Socio-Cultural Transformation Call:** The judiciary emphasized that legislative and criminal enforcement tools under the Bharatiya Nyaya Sanhita (BNS) must be accompanied by persistent, state-backed welfare interventions to completely eradicate the systemic biases affecting the girl child.



### Key Definitions

- **Child Sex Ratio:** The number of females per 1,000 males in the 0-6 years age demographic of a specific population pool.
- **Sex Ratio at Birth:** The number of female live births recorded for every 1,000 male live births within a specific calendar window.
- **Female Foeticide:** The illegal practice of terminating a pregnancy biologically based on the prenatal determination that the fetus is female.

### Constitutional & Legal Provisions

- **Article 15(3) of the Constitution:** Empowers the State to make special, affirmative provisions to advance the welfare, security, and socio-economic rights of women and children.
- **Article 21:** Incorporates the fundamental right to life with dignity, which judicial interpretation extends to guarantee the right to be born for a female fetus.
- **PC&PNDT Act, 1994:** The Pre-Conception and Pre-Natal Diagnostic Techniques (Prohibition of Sex Selection) Act, a central statute enacted to prohibit sex selection before or after conception and regulate diagnostic techniques to prevent misuse for female foeticide.

### Conclusion & UPSC Relevance

**Conclusion:** Legal frameworks are vital to stop female foeticide, but laws alone cannot overturn deep-rooted cultural prejudices. Eradicating patriarchal mindsets permanently requires coupling strict criminal enforcement against erring clinics with expanded economic incentives for daughter education and societal upskilling. **UPSC Relevance:**

- **GS Paper I:** Social empowerment, population dynamics, gender sensitization, and issues relating to women and child development.
- **GS Paper II:** Mechanisms, laws, institutions, and bodies constituted for the protection and betterment of vulnerable sections.



## 12. Global Headwinds and Domestic Resilience: World Bank Growth Outlook

- **Global Economic Contraction:** The World Bank's June 2026 Global Economic Prospects report downgraded the global growth forecast for 2026 to 2.5%, citing supply chain vulnerabilities and severe market stress triggered by the escalating conflict in West Asia.
- **Upward Revision for India:** Defying global stagnation, India's growth estimate for FY25 was raised by 0.6 percentage points to 7.2%, driven by resilient domestic consumption, expanding urban demand, and strong domestic tax collections.
- **Projections for FY27:** The report adjusted India's FY27 growth forecast upward to 6.6%; the structural moderation from 7.7% in FY26 reflects a calculated slowdown in private demand due to elevated global energy prices and rising input costs.
- **Fiscal and Policy Countermeasures:** To insulate the domestic economy from imported inflation and fertilizer shortages, the government deployed targeted interventions, including fuel tax rationalization and calibrated Goods and Services Tax (GST) adjustments.
- **FDI and Trade Structural Pillars:** Ongoing implementation of bilateral Free Trade Agreements (FTAs) alongside domestic structural reforms to lower business entry barriers are expected to offset weak external demand and sustain Foreign Direct Investment (FDI) inflows.
- **Call for Multilateralism:** Highlighting that geopolitical conflicts disproportionately burden the Global South, the Union Finance Minister emphasized strengthening multilateral cooperation to build resilient economic systems and secure inclusive growth.



### Key Definitions

- **Global Economic Prospects Report:** A flagship semi-annual publication by the World Bank Group that analyzes global economic trends, evaluates macroeconomic risks, and provides growth forecasts for member nations.
- **Fiscal Deficit:** The gap between a government's total expenditure and its total non-borrowing receipts, indicating the volume of financial resources the state needs to borrow to fund its operations.
- **Private Consumption Demand:** The aggregate expenditure incurred by resident households on final goods and services to satisfy their everyday economic needs.

### Constitutional & Legal Provisions

- **Article 112 (Annual Financial Statement):** Governs the presentation of the Union Budget, detailing the expenditure, revenue receipts, and structural management of the nation's fiscal deficit.
- **Article 279A (GST Council):** Establishes the federal institutional mechanism responsible for modifying tax rates, offering a constitutional tool to manage consumer demand during external shocks.
- **Entry 10 (Union List, Seventh Schedule):** Grants the Parliament exclusive jurisdiction over foreign affairs, external trade, and entering into international treaties or Free Trade Agreements.



### Conclusion & UPSC Relevance

**Conclusion:** India's upward growth revision demonstrates its macroeconomic resilience against severe geopolitical headwinds. To sustain this momentum, policy priorities must focus on navigating global energy disruptions, maintaining domestic fiscal discipline, and fast-tracking structural trade agreements to insulate the manufacturing and export sectors. **UPSC Relevance:**

- **GS Paper III:** Indian Economy, issues relating to planning, mobilization of resources, growth, international trade, inflation management, and fiscal policy adjustments.
- **GS Paper II:** Important International institutions (World Bank), global groupings, and the impact of regional politics on India's sovereign economic interests.



VIDHVATH IAS ACADEMY