

The Hindu Important News Articles & Editorial For UPSC CSE

Monday, 27 Oct, 2025

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India's partnership with the Association of Southeast Asian Nations (ASEAN) continues to strengthen, with Prime Minister Narendra Modi emphasizing that the **21st century is the century of India and ASEAN**. Speaking virtually at the **22nd ASEAN-India Summit in Kuala Lumpur**, PM Modi reaffirmed India's commitment to **maritime cooperation, digital inclusion, resilient supply chains, and regional stability**. Despite global uncertainties, the ASEAN-India comprehensive strategic partnership has evolved as a **pillar of Indo-Pacific stability**, reflecting shared values of friendship, trust, and mutual growth.

India-ASEAN ties making steady progress: PM

He says the current century belongs to India and ASEAN, which represent a quarter of the globe

PM announces further deepening of relations in the domain of maritime security in the year 2026

Modi promises that India will work for digital inclusion, and also resilient supply chains

Kallol Bhattacharjee
NEW DELHI

India-ASEAN strategic partnership has continued to prosper despite the prevailing "era of uncertainties", Prime Minister Narendra Modi said on Sunday.

Delivering his opening remarks virtually at the 22nd ASEAN-India summit being held in the Malaysian capital of Kuala Lumpur, Mr. Modi described ASEAN as a "cultural partner" of India, and announced further deepening of India-ASEAN cooperation in the domain of maritime security in 2026.

"Even in this era of uncertainties, India-ASEAN comprehensive strategic partnership has continued to make steady progress. And this strong partnership of ours is emerging as a robust foundation for global stability and develop-



Even in this era of uncertainties, India-ASEAN Comprehensive Strategic Partnership has continued to make steady progress. This strong partnership of ours is emerging as a robust foundation for global stability and development

NARENDRA MODI
Prime Minister



ment," the Prime Minister said in his remarks that were telecast to the summit.

'Shared values'

Mr. Modi welcomed Timor-Leste as the newest member of ASEAN, and said India and ASEAN together represented nearly one-fourth of the global population and the two

sides were connected by "historical ties and shared values".

"The 21st century is our century, the century of India and ASEAN," he said.

Malaysian Prime Minister Anwar Ibrahim, who co-chaired the ASEAN-India summit, said India-ASEAN relationship was rooted in the "values of friendship, trust, and

Cong. targets PM as Trump repeats oil imports claim

NEW DELHI

Hours after U.S. President Donald Trump reiterated that India will cut down its imports of Russian oil "completely", the Congress criticised Prime Minister Narendra Modi, saying his "huglplomacy" was not visible in Kuala Lumpur. » PAGE 4

Ibrahim said.

He appreciated close ties between India and the ASEAN region in the fields of education, economy, and culture.

Mr. Modi said the AITIGA could "unleash the full economic potential" of India-ASEAN relationship.

Humanitarian aid

Mr. Modi said India and the ASEAN member-states in Southeast Asia were "companions in the Global South", and promised that India would work with the ASEAN countries to advance digital inclusion, food security, and resilient supply chains "amid global challenges".

The Prime Minister referred to India's active participation in humanitarian assistance and disaster relief activities in the ASEAN region, and said that to deepen maritime relation between the two sides,

2026 would be declared "ASEAN-India Year of Maritime Cooperation".

Mr. Modi mentioned the danger posed by terrorism and reminded the need for unity in fighting terror. "At the same time, we are steadily advancing our cooperation in education, tourism, science and technology, health, green energy, and cybersecurity," he said, highlighting the "shared cultural heritage" and "people-to-people" ties between India and the ASEAN member-states.

While addressing the heads of governments of the ASEAN region, Mr. Modi conveyed his condolences to the Royal Family and the people of Thailand on the passing of the Queen Mother.

The ASEAN summit began on Sunday with the arrival of heads of the member-countries as well as

President Donald Trump of the United States. Ahead of the ASEAN summit, Mr. Modi had called Mr. Ibrahim on October 23 and informed him that he would deliver the speech at the summit virtually.

External Affairs Minister S. Jaishankar is leading the Indian delegation at Kuala Lumpur and he will lead the Indian delegation at the East Asia summit on Monday.

India's relations with the ASEAN member-states had received top level focus since January this year when Indonesian President Prabowo Subianto was hosted here as the guest of honour at the 76th Republic Day celebrations.

Singapore Prime Minister Lawrence Wong visited India in September, and before that, Philippines President Ferdinand R. Marcos Jr. visited India in the first week of August.

Key Analysis for Prelims

1. ASEAN Overview:

- ASEAN (Association of Southeast Asian Nations) – founded in **1967** (Bangkok Declaration).
- Member States: **Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam, and Timor-Leste** (newest member welcomed in 2025).
- Secretariat: **Jakarta, Indonesia**.

2. India-ASEAN Relations:

- India became a **Sectoral Dialogue Partner** in **1992**, a **Full Dialogue Partner** in **1996**, and a **Strategic Partner** in **2012**.
- Elevated to **Comprehensive Strategic Partnership (CSP)** in **2022**.
- **Act East Policy (2014)** — deepens engagement in connectivity, culture, and commerce.
- India-ASEAN together represent **~25% of the world's population**.

3. Major Announcements (2025 Summit):

- **2026 declared as "ASEAN–India Year of Maritime Cooperation."**
- Strengthening of **maritime security, digital inclusion, and resilient supply chains**.
- Continued cooperation under **ASEAN–India Plan of Action (2026–2030)** covering trade, food security, education, and technology.
- **ASEAN–India Trade in Goods Agreement (AITIGA)** to be finalized for enhancing trade potential.

4. Humanitarian & Security Cooperation:

- India's participation in **HADR (Humanitarian Assistance and Disaster Relief)** in the ASEAN region.
- Shared stance against **terrorism** and emphasis on **cybersecurity and green energy**.

5. India's Diplomatic Engagements (2025):

- Visits by **Philippines President Ferdinand Marcos Jr., Singapore PM Lawrence Wong, and Indonesian President Prabowo Subianto** reflect active diplomacy in Southeast Asia.
- India represented at summit by **EAM S. Jaishankar**.

Key Analysis for Mains

1. Strategic Significance of India–ASEAN Ties:

- ASEAN lies at the **heart of the Indo-Pacific**, vital for India's **Act East Policy** and **Indo-Pacific Oceans Initiative**.
- Partnership ensures a **balance of power** amid regional tensions, especially in the **South China Sea**.
- Both sides share a vision of a **free, open, inclusive, and rules-based Indo-Pacific**.

2. Economic & Trade Dimensions:

- ASEAN is **India's 4th largest trading partner**.
- India–ASEAN trade: Over **US\$ 130 billion (FY 2023–24)**.
- **AITIGA review** aims to make trade more balanced and beneficial, addressing tariff and non-tariff barriers.
- Potential for cooperation in **digital economy, supply chain resilience, and sustainable technology**.

3. Maritime Cooperation:

- Key focus area for **security and connectivity** in the Indo-Pacific.
- India has been engaging through:
 - **Information Fusion Centre – Indian Ocean Region (IFC–IOR)**.
 - **ASEAN Defence Ministers' Meeting Plus (ADMM-Plus)**.
 - **MILAN Naval Exercise** and **SAGAR doctrine (Security and Growth for All in the Region)**.

4. Shared Global South Agenda:

- India and ASEAN jointly represent **voices of the Global South**.

Daily News Analysis

- Collaboration in **food security, climate resilience, and digital governance** strengthens their collective bargaining power globally.

5. Challenges and Way Forward:

- **Trade imbalance** persists — ASEAN exports more to India than vice versa.
- **Geopolitical competition** in Indo-Pacific (especially China's assertiveness) complicates regional dynamics.
- Need for **connectivity projects** (e.g., India–Myanmar–Thailand Trilateral Highway) to be expedited.
- Expanding cooperation in **education, tourism, green energy, and AI-based innovation** will deepen ties.

Conclusion

- The 22nd ASEAN–India Summit reaffirmed the comprehensive strategic partnership through announcements on maritime cooperation (2026) and the AITIGA review. India continues to be a vital partner in ensuring peace, prosperity, and connectivity across the Indo-Pacific.
- India–ASEAN relations exemplify a synergy of geography, culture, and shared aspirations. As both represent a quarter of the world's population, their cooperation is crucial to shaping a multipolar, stable, and inclusive Indo-Pacific order. Sustained focus on maritime security, trade, digital inclusion, and connectivity will define the next phase of this evolving partnership.

UPSC Prelims Practice Question

Ques: With reference to ASEAN, consider the following statements:

1. ASEAN was established with the signing of the Bangkok Declaration.
2. India is a founding member of ASEAN.
3. ASEAN Secretariat is located in Jakarta.

Which of the statements given above is/are correct?

- (a) 1 and 3 only
(b) 2 and 3 only
(c) 1 only
(d) 1, 2 and 3

Ans : a)

UPSC Mains Practice Question

Ques: The 21st century will belong to India and ASEAN. Discuss this statement in the context of India's Act East Policy and evolving Indo-Pacific geopolitics. **(150 Words)**

India's education system continues to face structural challenges despite major policy interventions such as the *Right to Education Act (2009)* and the *National Education Policy (NEP) 2020*. Recent data from the **Ministry of Education (2024-25)** reveals that nearly **8,000 government schools across India have zero enrolments**, employing over **20,000 teachers**. This paradox—teachers without students—raises serious concerns about the efficiency, accountability, and equity in India's school education system.

'Around 8,000 schools with zero enrolment employ 20,000 teachers'

Press Trust of India
NEW DELHI

Close to 8,000 schools across the country had zero enrolments during the 2024-25 academic session, with West Bengal accounting for most such schools, followed by Telangana, according to official data.

A total of 20,817 teachers were employed in the schools with zero enrolments. In a peculiar case, West Bengal accounted for 17,965 such teachers, along with the highest number of schools without enrolments (3,812).

According to the Ministry of Education's statistics, 7,993 schools had zero enrolments. Meanwhile, Haryana, Maharashtra, Goa, Assam, Himachal Pradesh, Chhattisgarh, Nagaland, Sikkim, and Tripura had no such schools.



A total of 20,817 teachers were employed in the schools with zero enrolments. Bengal accounted for 17,965 such teachers. FILE PHOTO

"School education is a State subject, States have been advised to address the issue of zero enrolments in schools. Some States have merged some schools for optimum utilisation of resources such as infrastructure as well as staff," a senior official said.

There were no schools with zero enrolment in the

Union Territories of Puducherry, Lakshadweep, Dadra and Nagar Haveli, Andaman and Nicobar Islands, Daman and Diu, and Chandigarh, according to the data. Delhi also had no schools with zero enrolments.

The second highest number of such schools was in Telangana (2,245),

followed by Madhya Pradesh (463). While Telangana had 1,016 teachers employed in these schools, Madhya Pradesh employed 223. Uttar Pradesh had 81 such schools.

Over 33 lakh students across the country are enrolled in more than 1 lakh single-teacher schools, with Andhra Pradesh recording the highest number of these schools, followed by Uttar Pradesh, Jharkhand, Maharashtra, Karnataka, and Lakshadweep. However, when it comes to student enrolment in schools with a single teacher, Uttar Pradesh tops the list, followed by Jharkhand, West Bengal, and Madhya Pradesh.

The number of single-teacher schools decreased from 1,18,190 in 2022-23 to 1,10,971 in 2023-24, recording a drop of around 6%.

Key Findings

- **Total schools with zero enrolment:** 7,993
- **Teachers employed in these schools:** 20,817

Daily News Analysis

- **States with the highest numbers:**
 - **West Bengal:** 3,812 schools; 17,965 teachers
 - **Telangana:** 2,245 schools; 1,016 teachers
 - **Madhya Pradesh:** 463 schools; 223 teachers
 - **Uttar Pradesh:** 81 schools
- **States/UTs with zero such schools:** Haryana, Maharashtra, Goa, Assam, Himachal Pradesh, Chhattisgarh, Nagaland, Sikkim, Tripura, and all Union Territories (including Delhi).
- **Single-teacher schools:** Over **1.10 lakh** such schools exist (down from 1.18 lakh in 2022–23).
 - Highest number: *Andhra Pradesh*
 - Highest student enrolment in single-teacher schools: *Uttar Pradesh*

Background Context

- **Education as a State Subject:** Under the **Seventh Schedule (List II)** of the Indian Constitution, *education (excluding higher education)* primarily falls under the jurisdiction of state governments.
- **Right to Education (RTE) Act, 2009:** Mandates *universal and compulsory education* for children aged 6–14 and lays norms for teacher-student ratios and school infrastructure.
- **National Education Policy (NEP) 2020:** Focuses on *school consolidation, teacher training, and technology integration* to improve learning outcomes.
- **Samagra Shiksha Abhiyan:** An integrated scheme to improve school infrastructure, reduce dropouts, and strengthen teacher capacity.

Key Analysis

1. Administrative Inefficiency

The existence of schools without students, yet with teachers drawing salaries, points to poor *resource mapping and coordination* between local and state education departments.

2. Demographic & Migration Factors

Rural-to-urban migration, declining fertility rates, and demographic shifts in certain areas have led to falling enrolments, especially in remote and tribal regions.

3. Policy Misalignment

While the NEP 2020 advocates for school consolidation for optimal resource use, many states still operate outdated infrastructure without rationalising schools.

4. Fiscal Burden

Maintaining non-functional schools with full-time staff results in **wastage of public funds** and reduces the fiscal space for improving quality education.

5. Equity & Access

The existence of over 1 lakh single-teacher schools reflects the **uneven access and quality** of education across regions, especially in rural and hilly areas.

Government's Response

- States have been advised to **merge or rationalise** schools with zero or low enrolments.
- The Ministry of Education has asked states to ensure **optimum utilisation of teachers and infrastructure**.
- Several states have already initiated **school mapping and digital enrolment tracking** under *UDISE+* (Unified District Information System for Education).

Way Forward

1. **School Rationalisation:** Merge under-enrolled schools with nearby institutions to improve student-teacher ratios.
2. **Teacher Reallocation:** Redeploy teachers from zero-enrolment schools to those facing shortages.
3. **Digital Tracking:** Strengthen *UDISE+* data to prevent duplication and identify real-time enrolment changes.
4. **Infrastructure Utilisation:** Convert empty school buildings into community learning centres or skill hubs.
5. **Incentivised Enrolment:** Improve local outreach and incentivise attendance through quality midday meals and counselling.

Conclusion

The revelation that thousands of schools in India operate without a single student is a stark reminder of **the gap between access and actual utilisation** in India's education system. While the NEP 2020 envisions "universal access to education," implementation challenges persist at the grassroots. A data-driven, state-specific strategy focusing on rationalisation, monitoring, and accountability is essential to ensure that **no teacher teaches without students, and no child is left without learning**.

Daily News Analysis

UPSC Prelims Practice Question

Ques: With reference to the school education system in India, consider the following statements:

1. School education is a subject under the Union List of the Constitution.
2. The Unified District Information System for Education (UDISE+) collects school-level data across India.
3. The Right to Education Act, 2009 mandates free and compulsory education up to 18 years of age.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: b)

UPSC Mains Practice Question

Ques: The recent revelation that several government schools in India have zero enrolments despite employing teachers highlights deep-rooted inefficiencies in the public education system. Discuss the reasons behind this anomaly and suggest measures to improve efficiency and equity in school education.



The India–Japan partnership has been one of Asia’s most stable and strategic relationships, marked by strong government and business-level cooperation. However, a recent report highlights a significant imbalance — while **economic and strategic ties** have deepened, **people-to-people engagement** remains weak. At a time when Japan faces an **ageing population crisis** and India struggles with **youth unemployment**, this lack of human connectivity undermines the full potential of the bilateral relationship.

Japan seeks Indian workers but people-to-people ties lag

Japan, with one-third of its population over the age of 65, requires a workforce, academics for research, and a market for its goods, while India, with 65% of its 1.4 billion population under 35, faces rising pressure to create opportunities for its youth

Suhasini Haidar
TOKYO

Since 1981, when Suzuki Motor Corporation set up a factory in India to manufacture the Maruti car, the Japanese company has been a by-word for bilateral ties, Ken-ichi Ayukawa, executive vice-president and chief global marketing officer, who headed Maruti Suzuki operations in India from 2013 to 2022, says.

Suzuki was among the first to bring Japanese engineers to India to streamline processes and train Indian workers to build the car. With both New Delhi and Tokyo seeking solutions to Japan’s ageing population and India’s burgeoning youth population, the company is now reversing that trend.

“Suzuki is now trying to invite a lot of Indians to Japan, training them and helping them develop technology in Japan,” Mr. Ayukawa said, accompanied by Indian scholar and Suzuki executive Chandrali Sarkar. Ms. Sarkar first came to Japan to study at Keio University and has been working on India operations at Suzuki’s Hama-



Low numbers: Japan ranks 34th among countries where Indian students pursue higher education. Only about 1,500 Indian students are currently registered in Japan. AFP

matsu headquarters, about 250 km from Tokyo, since 2022. She noted that while some hesitation among Indians stems from limited Japanese language skills, the broader challenge is unfamiliarity with Japan.

“Japan should know more about India and vice versa. Especially the next generation needs to connect, and we need more Indian students, engineers, professionals to come to Japan,” said Kenji Hiramatsu, Chairman of the Institute for International Strategy at The Japan Research In-

stitute (JRI), and Japan’s Ambassador to India from 2015 to 2019. “It is important that we change the mindset of Indian youth that Japan is a special partner for India,” he added, noting that the current number of Indians studying in Japan is far below its potential.

Japan opens doors

According to a parliamentary response from the Indian Ministry of Education last year, Japan ranks 34th among countries where Indian students pursue high-

er education. Only about 1,500 Indian students are currently registered in Japan, a small fraction of more than 3.3 lakh foreign students in the country. Employment figures are similarly modest: about 54,000 Indians work in Japan, one-fourth of the 2.3 lakh Nepali citizens among a total of 23 lakh foreign workers.

To address this shortfall, Japan is preparing to open its doors to thousands like Ms. Sarkar under an “Action Plan” launched by Prime Minister Narendra

Modi and former Japanese Prime Minister Shigeru Ishiba in August. The plan aims to facilitate five lakh workforce exchanges over the next five years, including the movement of 50,000 skilled personnel from India to Japan.

Officials in the Cabinet Secretariat and the Ministry of Foreign Affairs point to the “perfect complementarity” between the two countries. Japan, with one-third of its population over the age of 65, requires a workforce, academics for research, and a market for its goods. India, with 65% of its 1.4 billion population under 35, faces rising pressure to create opportunities for its youth amid stricter immigration policies in the U.S., Canada, and Europe, and Chinese restrictions on high-tech and semiconductor exports.

Despite decades of growing government-to-government and business-to-business ties, the officials said, people-to-people connections between India and Japan continue to lag.

(The correspondent is visiting Japan at the invitation of the Japan Ministry of Foreign Affairs)

Current Context (Key Data and Developments)

Indicator	Japan	India

Daily News Analysis

Indicator	Japan	India
Population over 65 years	One-third of total population	7% (approx.)
Youth (under 35 years)	Declining workforce	65% of 1.4 billion
Indian students in Japan	~1,500 (Japan ranks 34th as destination)	Very low engagement
Indians working in Japan	~54,000	Only ¼ of Nepali workers there
Foreign workers in Japan	~23 lakh	—

Recent Initiative

- **India–Japan Action Plan (August 2024):** Launched by PM **Narendra Modi** and former Japanese PM **Shigeru Ishiba**, the plan aims to:
 - Facilitate **5 lakh workforce exchanges** in 5 years.
 - Include **50,000 skilled personnel** from India to Japan.
 - Enhance **academic, industrial, and technological exchanges**.

Static Context (Background Information)

- **India–Japan Relations:** Elevated to a *Special Strategic and Global Partnership* in **2014**, focusing on defence, trade, digital, and infrastructure.
- **Demographic Complementarity:**
 - *Japan:* Aging society, labour shortages, high automation.
 - *India:* Youthful workforce, skill surplus, but limited global placements.
- **Institutional Frameworks:**
 - *Skill Development and Technical Intern Training Program (TITP)*
 - *Specified Skilled Worker (SSW) Agreement* (signed in 2021)
 - *Comprehensive Economic Partnership Agreement (CEPA)*, 2011
- **Education and Cultural Links:**
 - *Japan-India Institute for Manufacturing (JIM)* and *Japan-India Skills Transfer Promotion Council* support training.
 - Despite these, student exchange remains far below potential.

Analysis

1. Demographic Imperative

- Japan's shrinking labour force and India's youthful demographic create *perfect complementarity* — Japan needs workers; India needs opportunities.
- Yet, language barriers, work culture differences, and limited awareness restrict mobility.

2. Low People-to-People Engagement

- Despite historical goodwill, **social familiarity and cultural integration** remain weak.
- Few Indian students choose Japan due to *language, cost, and visibility* issues compared to the US or UK.

3. Economic and Strategic Cooperation Outpacing Human Linkages

- Governmental and corporate projects (e.g., *Delhi-Mumbai Industrial Corridor, Bullet Train*) thrive, but societal engagement lags.
- This imbalance risks making the partnership “elitist” — confined to governments and large corporations.

4. Changing Global Context

- With the West tightening immigration and China imposing tech restrictions, Japan could emerge as a **key alternative destination** for skilled Indians — if bureaucratic and linguistic hurdles are addressed.

5. Policy and Perception Gap

- Japan’s conservative immigration policy and limited multicultural exposure deter foreign workers.
- Indian youth often perceive Japan as “technologically advanced but socially closed.”

Significance for Both Countries

Japan Gains	India Gains
Addresses labour shortages	Employment opportunities abroad
Access to skilled, English-speaking workers	Skill development, remittances
Strengthens Indo-Pacific cooperation	Expands soft power in East Asia
Supports innovation & industrial growth	Deepens strategic trust

Challenges

1. **Language barrier (Japanese proficiency)**
2. **Restrictive visa & work culture norms**
3. **Low student scholarships and exchange programs**
4. **Limited media and cultural representation of India in Japan**
5. **Slow recognition of Indian qualifications**

Way Forward

Daily News Analysis

1. **Educational Partnerships:** Increase scholarships, exchange programs, and dual-degree collaborations (e.g., IIT–Tokyo Univ. tie-ups).
2. **Language Training:** Promote Japanese language education in Indian universities and technical institutes.
3. **Policy Alignment:** Simplify Japan's work visa process and encourage Indian participation in Japan's *Digital and Green Growth* sectors.
4. **Cultural Diplomacy:** Expand "India Centres" and cultural outreach in Japan through yoga, cuisine, and media.
5. **Targeted Skill Programs:** Train youth in sectors like caregiving, robotics, semiconductors, and AI — Japan's priority industries.

Conclusion

India and Japan embody a **natural demographic partnership** — one ageing, the other youthful. Yet, without stronger people-to-people engagement, this synergy risks remaining untapped. The success of the *India–Japan Action Plan* will depend not merely on government initiatives but on transforming mutual perceptions through education, skill exchange, and cultural familiarity. True strategic depth will emerge when **Indians see Japan not just as a partner, but as a destination** — and **Japanese society sees Indian professionals as part of its growth story**.

UPSC Prelims Practice Question

Ques: Consider the following statements regarding India–Japan relations:

1. The Specified Skilled Worker (SSW) Agreement aims to facilitate movement of Indian professionals to Japan.
2. Japan–India Institute for Manufacturing (JIM) promotes skill development in the manufacturing sector.
3. The India–Japan Action Plan (2024) focuses primarily on defence cooperation.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2, and 3

Ans : a)

UPSC Mains Practice Question

Ques. Despite deepening strategic and economic relations, people-to-people engagement between India and Japan remains limited. Discuss the causes of this imbalance and suggest measures to strengthen socio-cultural and educational linkages. **(250 Words)**

The *Rashtriya Vigyan Puraskar (RVP)* represents the government's attempt to consolidate and elevate India's scientific awards system to the level of *Padma awards* in terms of prestige and national recognition. However, recent controversies over **selection transparency, potential political influence, and centralisation of control** have raised questions about the credibility of the process. The editorial argues that to truly honour scientific excellence, **government interference must be minimal**, and **peer evaluation** should remain the cornerstone of recognition in science.

Background: About Rashtriya Vigyan Puraskar (RVP)

- **Instituted in:** 2022
- **Administered by:** Office of the *Principal Scientific Adviser (PSA)* to the Government of India
- **Purpose:** To recognise exceptional contributions in science, technology, and innovation at the national level.

Award Categories (4)

1. **Vigyan Ratna:** Lifetime achievement.
 2. **Vigyan Shri:** Distinguished recent contributions.
 3. **Vigyan Yuva – Shanti Swarup Bhatnagar Award:** For scientists under 45 years.
 4. **Vigyan Team Award:** For group technology development efforts.
- **Maximum number of awards:** 56 (across categories).
 - **No cash prize**, in line with the *Padma awards* ethos.
 - **Selection Committee:** Rashtriya Vigyan Puraskar Committee (chaired by PSA; includes Secretaries of S&T Ministries and members of scientific academies).

Current Context

- In the **second edition (2025)**, 24 individuals and one team received the awards — fewer than the 33 given last year.
- The **delayed announcement** may indicate stricter scrutiny.
- However, **complaints have surfaced** regarding transparency and potential political interference:
 - Some scientists were reportedly told they were shortlisted but later dropped.
 - Letters were sent to the PSA's office demanding clarity and fairness in selection.
 - Allegations arose that **criticism of government policies** might have influenced exclusions.

Static Context – Historical Perspective

Hands-off approach

Scientists are the best judges of excellence in science

The government has announced a list of 24 individual scientists and a team as recipients of the second edition of the Rashtriya Vigyan Puraskar (RVP), awards, conferred by the Centre for scientific achievement. As in 2024, this year too has four broad categories: the Vigyan Ratna, Vigyan Shri, Vigyan Yuva-Shanti Swarup Bhatnagar award and Vigyan team award. The Vigyan Ratna and Vigyan Shri are for scientists who have made distinguished contributions over their lifetime, and recent distinguished contributions respectively. The Yuva is for individuals under 45 and the final one for a team endeavour in technology development.

In theory, the total number of awards, under all categories, is capped at 56; though this year, there are fewer than the 33 awarded last year. The award announcement has been delayed by several months, but this could indicate greater scrutiny of potential awardees. It is important to note that unlike earlier editions of national science awards, for instance the Shanti Swarup Bhatnagar (SSB) awards, there is no cash component given for the RVP, to align with the spirit of the Padma awards. But scrutiny is a double-edged sword. Last year, it emerged that some scientists were told about being recipients, only to be informed later that their names had been dropped. Several prominent scientists across India wrote to the Office of the Principal Scientific Adviser (PSA), demanding transparency in the process of award selection. There were concerns that factors other than scientific merit – for instance, criticism of government policy and political ideology – may have played a role. The PSA has not categorically responded to these demands except to point out that the selection committee, called the Rashtriya Vigyan Puraskar Committee (chaired by the PSA and which includes Secretaries of Ministries and members of scientific academies), “recommended” awardees to the Minister of Science and Technology. It is not explicit whether the Minister can overturn a recommendation made by the committee. The RVP awards were instituted after the Ministry of Home Affairs and heads of science departments concluded in 2022 that there were too many awards being given out by individual scientific departments and, hence, necessary to trim them and raise their ‘stature’ to national awards. While awards such as the SSB awards too were finalised in consultation with the Science Minister, the centralisation and the explicit attempt to make the RVP ‘Padma-like’, means that they appear far more politicised than they ought to be. If the aim of the RVP is to increase ‘stature’, the government must be seen to have an explicitly hands-off approach and let scientists judge the excellence of their peers.

Daily News Analysis

- Earlier, India had multiple science awards by individual departments — e.g.
 - *Shanti Swarup Bhatnagar (SSB) Awards* – CSIR
 - *INSA Awards* – Indian National Science Academy
 - *DST Innovation Awards*, etc.
- The 2022 decision to consolidate these was intended to **avoid duplication** and **raise the stature** of national-level recognition.
- However, **centralisation** brings the risk of **politicisation**, as seen in some civilian awards in the past.

Key Analysis

1. Centralisation vs. Autonomy : While merging departmental awards may simplify administration, it also centralises control under political oversight, reducing scientific community autonomy.

2. Transparency Deficit

Lack of clarity about:

- Whether the Minister can override committee recommendations.
- Criteria for inclusion/exclusion. creates suspicion and undermines trust among scientists.

3. Politicisation of Recognition : When scientific awards are perceived to reward political loyalty or alignment with government policy, they discourage independent thinking and critical inquiry — the lifeblood of science.

4. Impact on Scientific Morale : Arbitrary selections or reversals damage morale in the research community and erode India's global credibility in valuing merit-based science.

5. International Comparison: Globally, prestigious science awards — e.g., *Nobel Prize*, *Royal Society Fellowships* — are entirely decided by peer scientists, with no political input. India's awards, too, must emulate such independence to preserve their sanctity.

Editorial Stand / Suggested Way Forward

- 1. Hands-off Government Approach:** Ministers should **not intervene** in the final selection. Recommendations of the expert committee should be binding.
- 2. Transparent Procedures:** Publish selection criteria, nomination process, and committee composition openly.
- 3. Peer-led Evaluation:** Recognition should be determined by panels of scientists and academicians, not bureaucrats.
- 4. Separation from Political Timelines:** Awards should not coincide with political events or policy milestones.
- 5. Restore Scientific Trust:** Government must communicate clearly that **scientific merit—not ideological conformity—is the only criterion.**

Conclusion

Science thrives in an environment of **freedom, fairness, and fearless inquiry**. If national scientific awards are to inspire genuine excellence, they must be insulated from political considerations. The *Rashtriya Vigyan Puraskar* can become a truly prestigious

honour — **only when scientists judge scientists**, and the government respects that boundary. A “hands-off approach” is not just ideal; it is essential for nurturing India’s scientific integrity and innovation ecosystem.

UPSC Prelims Practice Question

Ques : Consider the following statements about the Rashtriya Vigyan Puraskar (RVP):

1. It was instituted by the Ministry of Science and Technology in 2019.
2. It has four categories including one for team achievements.
3. It includes a cash component similar to the Padma Awards.

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: b)

UPSC Mains Practice Question

Ques: For scientific excellence to flourish, recognition must remain free from political influence. Discuss in the context of the Rashtriya Vigyan Puraskar and India’s approach to honouring scientific achievements. **(150 Words)**



The *International Union for Conservation of Nature (IUCN)*, in its **World Heritage Outlook 4 (2025)** report, has raised serious concerns over the conservation status of India's key natural World Heritage sites — **the Western Ghats, Assam's Manas National Park, and West Bengal's Sundarbans National Park**. These have been categorised as being of "*significant concern*", signalling declining ecosystem health due to **climate change, human activity, and poor management**.

The report's findings underscore a critical warning — **India's biodiversity hotspots are under escalating stress**, and urgent corrective measures are required to meet global conservation commitments under the **Kunming–Montreal Global Biodiversity Framework (2022)**.

Why has IUCN red-flagged the Western Ghats?

What has the International Union for Conservation of Nature's World Heritage Outlook 4 report said? What are the four main threats to the loss of habitats and species in South Asia? Are the Western Ghats highly endangered? What are the factors threatening the Sundarbans mangroves?

EXPLAINER

Divya Gandhi

The story so far:

The expansive Western Ghats and two national parks in India — Assam's Manas national park and West Bengal's Sundarbans national park — have been categorised as being of "significant concern" in the International Union for Conservation of Nature's (IUCN) list of natural World Heritage sites across Asia.

Why did the IUCN state?

The IUCN's World Heritage Outlook 4 report released earlier this month attributes four threats to the loss of habitats and species in South Asia: climate change, tourism activities, invasive alien species, and roads. The report categorises the natural sites as "good", "good with some concerns", "significant concern", and "critical". The report uses four cycles of conservation assessments undertaken since 2014.

"Each of these categories not only shows the potential for a site to preserve its values and underlying attributes but also indicates the urgency of measures that need to be taken to improve the conservation outlook and ensure the long-term conservation of all sites," says the report. The IUCN assessment of over 200 natural and mixed World Heritage sites "offers the most in-depth analyses of threats facing natural World Heritage around the world and their protection and management status," says Gretel Aguilar, IUCN director general, in the introduction to the report.

The report points out that the percentage of sites with "a positive conservation outlook has, for the first time, decreased significantly."

Do we have 'good' protected areas?

Protected areas in South Asia are being usurped rapidly, obliterating natural habitats. Of the 228 sites assessed since



Flourishing fauna: A flock of hornbills in the Western Ghats. M. SATHYAMOORTHY

2014, some 63% of sites had a positive outlook in 2014, 2017 and 2020, however, "the IUCN World Heritage Outlook 4 shows that in 2025 only 57% of these sites have a positive conservation outlook."

The threats are also shapeshifting, "it is ...notable that roads and railroads are now among the top five greatest threats to natural World Heritage in Asia, while in 2020 this was not the case." The other threats include: forest fires, hunting, roadkill, waste disposal, encroachment, illegal logging etc.

Of the 32 Asian sites categorised as "good with some concerns," four happen to be in India — The Great Himalayan National Park Conservation Area, Kaziranga National Park, Keoladeo National Park, and Nanda Devi Valley of Flowers National Parks. Khangchendzonga National Park in Sikkim has been rated "good" in its

conservation outlook, valuing "attributes [that] are currently in good condition and likely to be maintained for the foreseeable future, provided that current conservation measures are maintained."

The Western Ghats, a mosaic of forests and grasslands, are older than the Himalayas and have an exceptionally high level of biological diversity and endemism, habitat to some 325 globally threatened (listed in IUCN's Red List) flora, fauna, bird, amphibian, reptile and fish species, according to UNESCO. This includes the Nilgiri tahr, a stocky, agile goat found nowhere else in the world.

What makes the Ghats vulnerable?

The Western Ghats are highly endangered not least by hundreds of hydropower projects such as the proposed ₹5,843 crore Sillahalla Pumped Storage Hydroelectric project in the Nilgiris,

which involves constructing dams across River Sillahalla and River Kundah, with an aim to generate 1,000 MW of power for Tamil Nadu's plains.

Moreover, tourism is creating problems of garbage, often consumed by wild animals such as elephants and exacerbating conflict. Plantations are replacing natural ecosystems. And climate change has forced fauna to adapt by redistributing themselves from fast-warming lower altitudes to higher reaches, such as in the case of the Nilgiri flycatcher and the black and orange flycatcher. Exotic species are colonising natural forests, such as eucalyptus and acacia (both originally from Australia), which were introduced here during the colonial era. As for the Sundarbans mangroves where tigers swim, salinity, heavy metal contamination, and unsustainable resource extraction threatens the ecosystem. Sea level rise and frequent storm surges reduce mangrove biodiversity, says the report.

Is there hope yet?

Outside India, seven sites in China have been proclaimed "best protected and managed protected areas," including the Badain Jaran Desert-Towers of Sand and Lake, Chengjiang Fossil Site, and Mount Huangshan.

The Natural World Heritage sites make up less than 1% of the Earth's surface, but nurture more than 20% of mapped global species richness. "This includes over 75,000 species of plants, and over 30,000 species of mammals, birds, fishes, reptiles and amphibians," says the report.

This report is timely. "The world has agreed to halt biodiversity loss through the Kunming-Montreal Global Biodiversity Framework, and the UNESCO World Heritage Convention is uniquely placed to meet these challenges by bridging the gap between nature and culture, and protecting places with extraordinary biodiversity, functional habitats and high ecosystem integrity," says the report. "This report is more than a health check. It is a guide for action," says Ms. Aguilar.

THE GIST

▼ The IUCN's World Heritage Outlook 4 report released earlier this month attributes four threats to the loss of habitats and species in South Asia: climate change, tourism activities, invasive alien species, and roads.

▼ The Western Ghats are highly endangered not least by hundreds of hydropower projects.

▼ The Natural World Heritage sites make up less than 1% of the Earth's surface, but nurture more than 20% of mapped global species richness.

About the Report: IUCN World Heritage Outlook 4

- **Released by:** International Union for Conservation of Nature (IUCN)

Daily News Analysis

- **Frequency:** Every three years (2014, 2017, 2020, 2025 – four cycles so far)
- **Purpose:**
To assess the **state of conservation** and **management effectiveness** of **natural and mixed World Heritage sites** globally.

Assessment Categories

1. **Good**
2. **Good with some concerns**
3. **Significant concern**
4. **Critical**

India's Status in 2025 Outlook

Category	Indian Sites	Remarks
Good	Khangchendzonga National Park (Sikkim)	Attributes in good condition, likely to be maintained.
Good with some concerns	The Great Himalayan National Park, Kaziranga, Keoladeo, Nanda Devi & Valley of Flowers	Moderate stress but manageable.
Significant concern	Western Ghats, Manas NP, Sundarbans NP	High ecological threat; urgent measures needed.

Major Findings and Threats Identified by IUCN

Four Main Threats to Habitats and Species in South Asia

1. **Climate Change** – altering rainfall, temperature, and sea levels.
2. **Tourism Pressure** – unregulated tourist influx leading to waste, noise, and habitat degradation.
3. **Invasive Alien Species** – such as *eucalyptus*, *acacia*, *lantana* overtaking native vegetation.
4. **Roads and Infrastructure Expansion** – fragmenting forests and increasing human–wildlife conflict.

Additionally:

- **Forest fires, hunting, encroachment, illegal logging, waste dumping, and hydropower projects** have compounded these threats.

Case Study 1: Western Ghats – A Region of “Significant Concern”

Ecological Significance

- One of the **eight “hottest biodiversity hotspots”** in the world.
- Older than the Himalayas — a mosaic of forests, grasslands, and river systems.
- Habitat for **325 globally threatened species**, including:
 - *Nilgiri tahr* (endemic)
 - *Lion-tailed macaque*
 - *Malabar civet*
 - *Great Indian hornbill*

Key Threats Identified

1. **Hydropower Projects:**
 - Example: ₹5,843 crore *Sillahalla Pumped Storage Hydroelectric Project (Nilgiris)* — dams across Sillahalla and Kundah rivers threaten forest ecosystems.
2. **Unregulated Tourism:**
 - Waste generation and feeding of wild animals like elephants increase human–wildlife conflict.
3. **Land-use Change:**
 - *Tea, coffee, and rubber plantations* replacing natural forests and grasslands.
4. **Climate Change Impact:**
 - Species shifting to higher altitudes due to warming (e.g., *Nilgiri flycatcher, black and orange flycatcher*).
5. **Invasive Species:**
 - Exotic trees like *eucalyptus* and *acacia* introduced during colonial times displace native flora.

Case Study 2: Sundarbans Mangroves

Ecological Role

- Largest mangrove delta in the world; habitat for **Royal Bengal Tiger, saltwater crocodiles, and migratory birds**.
- Acts as a **climate buffer** against cyclones and tidal surges.

Threats Identified

1. **Rising Salinity** due to sea-level rise and reduced freshwater inflow.
2. **Heavy Metal Contamination** from industrial effluents.
3. **Unsustainable Resource Extraction** – fishing, wood cutting, crab collection.
4. **Climate-induced Storm Surges and Cyclones** (e.g., Amphan, Bulbul) degrading mangrove cover.

Static Context: Importance of Natural World Heritage Sites

- **World Heritage Sites under UNESCO** aim to protect globally significant ecosystems.
- They cover **<1% of Earth's surface**, but harbour **>20% of global species richness**:
 - ~75,000 plant species
 - ~30,000 animal species (mammals, birds, reptiles, amphibians, fish)
- India has **7 Natural World Heritage Sites**, including:

Daily News Analysis

- Western Ghats
- Sundarbans
- Kaziranga
- Manas
- Keoladeo
- Great Himalayan National Park
- Nanda Devi and Valley of Flowers

Key Trends from the Report

- Percentage of sites with *positive conservation outlook* has dropped from **63% (2014–2020)** to **57% (2025)**.
- *Roads and railways* have emerged among the **top five threats** — a new addition compared to 2020.
- Indicates that **economic development and infrastructure projects** are increasingly encroaching upon protected ecosystems.

Way Forward / Policy Implications

1. **Adopt Ecosystem-Based Management** : Integrate : biodiversity protection with infrastructure and tourism policies.
2. **Strengthen Impact Assessment Mechanisms** : Environmental Impact Assessments (EIA) must include *cumulative ecological impacts* of multiple projects.
3. **Promote Nature-Based Tourism** : Encourage low-impact ecotourism with strict waste management rules.
4. **Restore Native Vegetation** : Remove invasive species and promote native tree reforestation.
5. **Implement Climate Adaptation Plans** : Build resilience for coastal and mountain ecosystems against floods, fires, and temperature shifts.
6. **Community Participation** : Engage local populations as *stewards* of conservation through livelihood incentives.

Conclusion

The IUCN's "red flag" on India's Western Ghats and Sundarbans is a **wake-up call** — not merely a diagnostic but a **call to action**. As biodiversity loss accelerates, India must shift from reactive conservation to **proactive ecosystem management**. Protecting these natural World Heritage sites is not only about wildlife — it is about safeguarding **climate stability, water security, and human resilience** for generations to come.

UPSC Prelims Practice Question

Ques : Which of the following have been listed as “Significant Concern” sites in IUCN’s World Heritage Outlook 4 (2025) report?

1. Western Ghats
2. Sundarbans National Park
3. Manas National Park
4. Khangchendzonga National Park

Select the correct answer:

- (a) 1 and 4 only
- (b) 1, 2 and 3 only
- (c) 2 and 4 only
- (d) 1, 2, 3 and 4

Ans: b)

UPSC Mains Practice Question

Ques: India’s biodiversity hotspots are under growing anthropogenic and climatic stress. Examine this statement in light of the findings of IUCN’s World Heritage Outlook 4 (2025) report, with reference to the Western Ghats and Sundarbans. **(150 Words)**



Winding up the clock of India-Nepal economic ties

On October 1, 2025, the Reserve Bank of India (RBI) Governor Sanjay Malhotra, in the context of internationalising the Indian rupee (INR), announced three measures that have the potential of adding serious positivity in India-Nepal ties.

The first is to allow authorised dealer (AD) banks to lend the INR to non-residents from Nepal, Bhutan and Sri Lanka for cross-border transactions. The second is that the RBI is now going to allow Special Rupee Vostro Accounts, which are accounts of foreign banks with Indian banks in INR, for investment in corporate bonds and commercial papers. This is in addition to the already permitted investments in central government securities. And, the third is to establish a transparent reference rate for currencies of India's major trading partners to facilitate INR-based transactions.

For years, India and Nepal have kept the INR to Nepalese rupee (NPR) exchange pegged at 1.6. There are demands in certain quarters for institutional credit, which are not unfounded as it is this peg that has shielded the NPR from serious depreciation against hard currencies. But it is also worth noting that what is working should not be attempted to be fixed.

The RBI allowing ADs to lend INRs to Nepal should greatly help Nepal in its bilateral trade with India. This is because the Nepalese industry has a lot to gain in overcoming the chronic challenges that it faces for working capital and scalability in the domestic market and in trade with India. Of course, the lending policies of Indian banks and their interest rates would need to be competitive for Nepalese interest.

The hurdles in Nepal

Nepal saw a partial recovery from the COVID-19 induced lockdown based on high remittances but that did not sustain, and its industrial



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The Reserve Bank of India's moves, especially on Indian rupee lending, can reshape ties

performances continued to be in a tailspin. A key reason was the lack of confidence of Nepalese banks to lend to businesses. Stringent lending considerations by Nepalese banks (mostly controlled by Nepal's big industrial houses) made it even more difficult for small businesses to get the required working capital to sustain and survive. The lack of confidence even made big businesses, with easy access to institutional credit, jittery, with obstacles having crept into their supply chains linked to domestic ancillaries, all of which was compounded by low domestic demand.

These hurdles created structural flaws, leading to economic woes for its population; high unemployment was certainly a big contributing factor in the latest political developments in Nepal.

India's lending outreach should give traction to Nepalese businesses as trade with India should now be devoid of institutional credit hassles. With the United States having announced a tariff of only 10% for Nepal, INR-financed trade with India can lead its imports for value addition in Nepal, build up a global capacity for ancillaries and even explore joint ventures with India.

Trade with India

Indian firms continue to be among the largest investors in Nepal, accounting for 33% of the total foreign direct investment (FDI) stock in Nepal, worth nearly \$670 million. Nepal is India's 17th largest export destination, up from 28 in 2014. India constitutes 65% of Nepalese international trade, including \$8 billion of exports from India to Nepal and just under \$1 billion exports from Nepal to India. India is Nepal's largest export destination, receiving an overwhelming 67% of its total exports consisting of edible oil, coffee, tea and jute.

The uneven, yet interdependent, bilateral

trade fundamentals demand that trade and economic cooperation between India and Nepal should see a further spurt, and for the Nepalese economy, make it less vulnerable and resilient in the topsy-turvy world of today.

Possible multiplier effects

In Nepal, there would be many who would see the RBI moves as an effort to strengthen the INR. But that notwithstanding, Nepal would certainly benefit in lowering the role of the dollar and making INR as preferred currency for trade with India, by far its largest trading partner. It will also shield the economy from the dollar's exchange rate fluctuations. Hard currency availability issues should also ease, thereby reducing pressure on forex and the Current Account Deficit (CAD), which could lead to other advantages and have positive multiplier effects. Indeed, these currency openings should lead to wider consultations between India and Nepal on other crucial economic matters such as Nepal's framework of sovereign guarantees (sector/project wise), Standby Letters of Credit and country risk rating.

Of course, a decoding of the RBI announcements by the Nepal Rastra Bank (NRB) would be useful and important and they may have to put in place several required instrumentalities at their end to take advantage of the Indian move and to protect their economic and money interests. Moreover, the process compliance as per RBI's guidelines will not be something to be skipped by any potential borrowers beyond borders. The RBI has a strong reputation for keeping prudence ahead, and the NRB's reciprocation will herald a new era for rebooting India-Nepal economic ties. India and Nepal should come closer to a level playing field.

The views expressed are personal

GS. Paper 2- International Relations

UPSC Mains Practice Question: Discuss the significance of the Reserve Bank of India's recent measures on rupee internationalisation in strengthening India-Nepal economic relations. How can these initiatives contribute to regional financial stability and India's strategic interests? (150 Words)

Context :

India and Nepal share a relationship rooted in **geographical proximity, cultural kinship, and economic interdependence**. The Reserve Bank of India's recent measures (October 2025) to internationalise the Indian rupee (INR) have opened a **new chapter in India-Nepal financial cooperation**.

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By allowing lending of INR to Nepal, expanding investment avenues through Vostro accounts, and introducing a transparent reference rate for cross-currency trade, the RBI has effectively created a framework that could **deepen bilateral economic integration**. These reforms, if implemented prudently, can help Nepal's fragile economy regain momentum while enhancing India's regional financial footprint.

Current Context: RBI's Three Key Announcements

1. Lending in INR to Non-Residents (Nepal, Bhutan, Sri Lanka)

- Authorised Dealer (AD) banks in India can now lend rupees to non-residents from Nepal, Bhutan, and Sri Lanka for **cross-border trade and transactions**.
- This can ease Nepal's long-standing liquidity and credit challenges, enabling smoother trade with India.

2. Special Rupee Vostro Accounts for Corporate Investments

- RBI will now allow *Special Rupee Vostro Accounts* (foreign banks' INR accounts with Indian banks) to invest in **corporate bonds and commercial papers**, in addition to existing access to government securities.
- This move will deepen the INR-denominated investment ecosystem in South Asia.

3. Establishing a Transparent Reference Rate

- RBI plans to introduce a **transparent reference rate for currencies** of major trading partners, making INR-based settlements more predictable and attractive for foreign participants.

Static Context: Background of India–Nepal Economic Ties

- **Exchange Rate Peg:** The **Nepalese rupee (NPR)** is pegged to the **Indian rupee (INR)** at **₹1 = ₹1.6 NPR** since 1993. This peg has provided **macroeconomic stability** to Nepal, shielding it from sharp depreciations and forex volatility.
- **Trade Composition:**
 - India accounts for **65% of Nepal's total trade**,
 - **\$8 billion exports** from India to Nepal,
 - **\$1 billion exports** from Nepal to India.
 - Nepal's major exports: edible oil, jute, coffee, and tea.
- **Investment:**

India is the **largest investor** in Nepal, contributing **33% of total FDI stock (~\$670 million)**. Indian companies operate in **banking, energy, manufacturing, and telecom** sectors in Nepal.

Analysis: Economic Implications of RBI's Moves

1. Boost to Nepal's Liquidity and Trade

- The INR-lending framework will provide **working capital** and **trade credit** to Nepalese industries, which currently suffer from **credit constraints** and **high interest rates**.
- This can support **MSMEs, supply chains, and export-oriented businesses** in Nepal.

2. Reducing Dollar Dependence

- INR-based trade settlements can **reduce Nepal's reliance on the U.S. dollar**, thereby:
 - easing **forex shortages**,
 - stabilising **current account deficits (CAD)**,
 - shielding the economy from dollar volatility.
- It aligns with India's goal of **rupee internationalisation**.

3. Catalysing Regional Financial Integration

- The move strengthens **South Asian monetary cooperation**, potentially encouraging Bhutan and Sri Lanka to join INR-based settlement systems.
- It could lay the groundwork for a **South Asian Rupee Zone**, enhancing India's monetary influence in the region.

4. Investment and Industrial Multiplier Effects

- With the U.S. now offering **low tariffs (10%)** on Nepali goods, Nepal could use INR-financed imports from India for **value addition** and **re-export**, improving its export competitiveness.
- Indian banks' involvement can help create **joint ventures** and **ancillary industries**, especially in manufacturing and agro-processing.

5. Challenges in Implementation

Challenges	Implications
Nepal Rastra Bank's regulatory preparedness	Requires robust supervision to prevent misuse of credit lines
Differences in banking norms	May lead to operational delays
Risk of overexposure to Indian financial system	Could limit Nepal's monetary sovereignty
Political sensitivity in Nepal	May trigger domestic debates about economic dependence on India

Broader Strategic Context

1. India's Regional Economic Diplomacy

- The RBI's initiatives are in sync with India's broader goal of **regional rupee internationalisation**, following similar arrangements with countries like **Sri Lanka, Mauritius, and UAE**.
- It also supports India's **Neighbourhood First** and **Act East** policies.

2. Counterbalancing Chinese Influence

- China's deep economic footprint in Nepal through the **Belt and Road Initiative (BRI)** has created structural dependencies.
- Strengthening financial integration with India provides **an alternative model** based on mutual trust and long-term stability.

3. Resilience Building for Nepal

- By giving Nepal access to INR-based credit and trade mechanisms, India helps build **economic resilience** in a politically fragile neighbour, thereby contributing to **regional stability**.

Way Forward

1. Institutional Coordination

- Establish a joint **India–Nepal Financial Coordination Mechanism** between the RBI and Nepal Rastra Bank for monitoring credit flow, compliance, and risk management.

2. Regulatory Alignment

- Harmonise banking standards, KYC norms, and reporting frameworks to enable smooth cross-border transactions.

3. Promote Joint Ventures

- Encourage **cross-border industrial parks, energy projects, and digital payment ecosystems** using INR settlement systems.

4. Capacity Building

- Offer **training programs** for Nepalese bankers and regulators under India's *ITEC* and *EXIM Bank* capacity-building schemes.

5. Maintain Stability of INR–NPR Peg

- The fixed exchange peg remains central to Nepal's economic stability and must be preserved to avoid disruptive capital outflows.

Conclusion

The RBI's October 2025 measures mark a **transformative step** in deepening India–Nepal economic ties. By extending INR credit lines, opening Vostro investment routes, and enhancing currency transparency, India has positioned itself as **Nepal's most reliable economic partner**.

However, for these initiatives to deliver sustained benefits, both nations must ensure **mutual trust, regulatory synchronisation, and macroeconomic prudence**. If managed wisely, this collaboration could become a **template for rupee-based regional integration** — advancing India's vision of a stable, self-reliant, and interconnected South Asia.