

The Hindu Important News Articles & Editorial For UPSC CSE

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Air pollution in India has evolved from a seasonal urban inconvenience to a persistent, nationwide public health emergency. Recent assessments, including the CREA 2025 report, AQLI 2025, and State of Global Air 2025, underline that toxic air now represents India's single largest health risk, reducing life expectancy, deepening socio-economic inequities, and straining the health-care system. The phenomenon is no longer restricted to Delhi or the Indo-Gangetic plain; it is a structural crisis with national implications.

Invisible epidemic: why air pollution is India's largest health threat?

India's air quality crisis is both widespread and deeply entrenched; the scientific evidence is overwhelming, and the health impacts are undeniable; country must now recognise clean air as a fundamental right essential to equitable growth and a non-negotiable national priority

Sudheer Kumar Shukla

Air pollution in India is no longer a winter irritant confined to the northern plains. It has become a persistent, nationwide public health emergency that affects every demographic group and nearly every organ system. Across the Indo-Gangetic plain, and increasingly in fast-growing urban centres elsewhere, dangerous concentrations of particulate matter are shaping disease patterns, slowing childhood development and silently reducing life expectancy. India's air quality crisis is both widespread and deeply entrenched. Of the 256 cities monitored in 2025, 150 exceeded the national PM 2.5 standard as per a report by the Centre for Research on Energy and Clean Air. For most urban residents, breathing unhealthy or hazardous air is now a routine part of the year. The Indo-Gangetic plain remains the worst affected. In 2025, Delhi recorded seasonal PM 2.5 levels of 107–130 $\mu\text{g}/\text{m}^3$, far above India's 24-hour limit of 60 $\mu\text{g}/\text{m}^3$ and the World Health Organization guideline of 15 $\mu\text{g}/\text{m}^3$.

Flawed index, outdated ceiling India's official Air Quality Index (AQI) continues to cap values at 500, although real-time pollution levels in Delhi and other cities often exceed this threshold. The cap – introduced over a decade ago – was intended to avoid public alarm and was based on the belief that health impacts beyond 500 would be uniformly severe. Consequently, government platforms collapse at extreme pollution into one "severe" category, even as international trackers such as IQAir routinely show values above 600 and occasionally beyond 1,000. Experts have repeatedly pointed out that India's AQI relies on outdated thresholds and instruments, and that the scale requires recalibration, removal of the upper cap and modernised monitoring.

The health burden of toxic air is stark. According to the Air Quality Life Index (AQLI) of the University of Chicago's Energy Policy Institute, nearly 40% of Indians live in regions where air pollution significantly reduces life expectancy. In Delhi, current PM 2.5 exposure translates into a loss of more than eight years of life when measured against WHO standards. Across northern India, the losses range between 3.5 and seven years.

The mortality toll is equally worrying. In 2023, air pollution contributed to nearly two million deaths nationwide, as per the State of Global Air Report, 2025, primarily from cardiovascular disease, stroke, COPD and diabetes. Pollution-linked mortality has risen by 43% since 2000, underscoring the cumulative effects of long-term exposure.

What PM 2.5 does inside the body Cardiovascular harm: PM 2.5 particles penetrate deep into the lungs, cross into the bloodstream and provoke systemic inflammation. Multi-city epidemiological studies in India show an 8% increase in annual mortality for every 10 $\mu\text{g}/\text{m}^3$ rise in long-term PM 2.5 exposure. Elevated exposure is linked to hypertension, atherosclerosis, myocardial infarction, arrhythmias and ischemic stroke. In a country already struggling with high cardiovascular disease rates, polluted air acts as a potent, invisible accelerator.



Gasping for air Air pollution in India is no longer a winter irritant confined to the northern plains. It has become a persistent, nationwide public health emergency that affects every demographic group and nearly every organ system. SUSE, KASIA VISIOL

Respiratory illness: Respiratory illnesses remain the most visible consequences of toxic air. Nearly 6% of Indian children now suffer from asthma. Clinical data from AIIMS reveals that a modest 10 $\mu\text{g}/\text{m}^3$ increase in PM 2.5 can cause a 20–40% spike in paediatric emergency visits for respiratory distress. Children exposed to high pollution levels show a 10–15% reduction in lung capacity – a deficit that may persist into adulthood. Among adults, COPD, chronic bronchitis and recurrent respiratory infections are increasingly common, especially for those living near roads, industries, landfills and construction sites.

Neurological impacts: Emerging scientific evidence shows that air pollution affects the brain as seriously as it affects the lungs and heart. PM 2.5 particles can cross the blood-brain barrier, triggering neuroinflammation and oxidative stress. Studies from Indian cities link pollution exposure to poorer academic performance, impaired memory and slower cognitive development among children. International meta-analyses show a 35–40% higher risk of dementia for every 10 $\mu\text{g}/\text{m}^3$ increase in PM 2.5. Reviews in *Environmental Health Perspectives* (2024) suggest that polluted air accelerates brain ageing through vascular injury and toxic metal deposition.

Maternal and neonatal health: High PM 2.5 exposure is associated with preterm births, low birth weight, stillbirths, and heightened neonatal mortality. Women living near major roads, industrial sites or waste-burning hotspots are especially vulnerable. These early-life impacts have long-term consequences, deepening health

Air pollution contributed to nearly two million deaths in 2023, as per the latest State of Global Air Report, primarily from cardiovascular disease, stroke, COPD and diabetes

inequities across generations. Air pollution in India mirrors existing social and economic inequalities. Lower-income communities often live closest to emission hotspots – major roads, industrial clusters, construction zones and landfills. Children in these neighbourhoods spend more time outdoors and are therefore more exposed. Poor housing, limited access to clean fuels and inadequate healthcare exacerbate vulnerabilities. During winter, States such as Delhi, Punjab, Haryana, Uttar Pradesh and Bihar frequently record "severe" or "hazardous" AQI levels (CREA, 2025), where the poorest bear the heaviest burden.

Public discussions often focus on stubble burning or Diwali fireworks. While these events intensify pollution, they are not the root cause. Source-apportionment studies consistently show that year-round structural contributors – vehicular emissions, industrial processes, dust from construction and demolition, informal waste burning, and household biomass use – drive baseline PM 2.5 levels. Seasonal factors simply worsen an already dangerous situation.

The National Clean Air Programme (NCAP) has initiated some improvements, but its targets remain modest and enforcement weak. Therefore, a health-centred, multi-sectoral strategy is

now essential, which should include the following aspects:

Transport transformation: Large-scale electrification of buses, taxis, auto-rickshaws and two-wheelers; shifting freight from diesel trucks to rail and electric fleets; real-world emissions monitoring; and the introduction of low-emission zones and congestion pricing.

Industrial control: Strict enforcement of pollution-control technologies and a phased transition from coal-based processes.

Construction regulation: Mandatory dust-suppression protocols, enclosure norms and mechanised sweeping.

Waste-management reform: Segregation at source, decentralised treatment, biometanation and scientific landfill remediation to eliminate open burning.

Health-system integration: A health-centred framework should integrate air quality into routine healthcare. District-level advisories based on real-time AQI, lung-function testing within school-health programmes, and screening for COPD and cognitive decline.

A fundamental right India must recognise clean air as a fundamental right essential to equitable growth. The scientific evidence is overwhelming, and the health impacts are undeniable. Protecting clean air must now become a non-negotiable national priority – anchored in science, driven by public health, and executed with urgency.

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THE GIST

India's air quality crisis is both widespread and deeply entrenched. Of the 256 cities monitored in 2025, 150 exceeded the national PM 2.5 standard as per a report by the Centre for Research on Energy and Clean Air. India's official Air Quality Index (AQI) continues to cap values at 500, although real-time pollution levels in Delhi and other cities often exceed this threshold.

The health burden of toxic air is stark. According to the Air Quality Life Index (AQLI) of the University of Chicago's Energy Policy Institute, nearly 40% of Indians live in regions where air pollution significantly reduces life expectancy.

The National Clean Air Programme (NCAP) has initiated some improvements, but its targets remain modest and enforcement weak. Therefore, a health-centred, multi-sectoral strategy is now essential.

Why Air Pollution Is India's Most Serious Health Threat

1. Widespread and Deeply Entrenched Crisis

In 2025, 150 out of 256 monitored cities exceeded national PM2.5 standards.

Daily News Analysis

Delhi's seasonal PM_{2.5} (107–130 $\mu\text{g}/\text{m}^3$) is 8–9 times India's legal limit and nearly 9x the WHO guideline.

AQI capping at 500 hides the true severity, masking days where real-time values cross 600–1,000.

2. Enormous Health Burden

Life expectancy loss:

Delhi: > **8 years** lost.

Northern India: **3.5–7 years** lost.

Mortality: Nearly **2 million deaths** in 2023 linked to air pollution — a **43% rise** since 2000.

Diseases linked: Cardiovascular ailments, COPD, asthma, stroke, diabetes, neurodegenerative disorders.

3. Scientific Evidence of Systemic Damage

Cardiovascular Impacts

PM_{2.5} penetrates bloodstream → systemic inflammation → hypertension, atherosclerosis, MI.

Indian city studies show **8% increase in annual mortality** per 10 $\mu\text{g}/\text{m}^3$ rise.

Respiratory Impacts

6% of children suffer from asthma.

AIIMS data: 10 $\mu\text{g}/\text{m}^3$ rise → **20–40% increase** in paediatric emergency visits.

Long-term exposure reduces lung capacity by **10–15%** in children.

Neurological Impacts

PM_{2.5} crosses **blood-brain barrier** → neuroinflammation, cognitive decline.

Global estimates: **35–49% higher dementia risk** per 10 $\mu\text{g}/\text{m}^3$ increase.

Maternal and Neonatal Impacts

Preterm births, low birth weight, stillbirths, neonatal mortality disproportionately higher in high-pollution areas.

4. Environmental Inequality

Lower-income neighbourhoods are located near:

High-traffic roads

Industrial clusters

Landfills

Construction hotspots

Poor access to healthcare and clean cooking fuels amplifies vulnerability.

5. Structural Drivers (Beyond Seasonal Blame)

Public debate often centres on **Diwali fireworks** or **stubble burning**, but year-round contributors dominate:

Vehicular emissions

Industrial processes

Construction/demolition dust

Informal waste burning

Household biomass use

Urban design failures

Seasonal conditions only **intensify** the baseline crisis.

Policy Response: Gaps and Limitations

National Clean Air Programme (NCAP)

Some improvements in monitoring and city action plans.

But:

Targets modest (20–30% PM reduction).

Weak enforcement.

Insufficient inter-State coordination.

Outdated AQI Framework

Capped at 500, masking extreme events.

Needs recalibration using modern health-based thresholds.

What Should a Health-Centred, Multi-Sectoral Strategy Include?

1. Transforming Transport

Accelerated electrification of buses, taxis, autos, two-wheelers.

Shift freight from diesel trucks to **rail/electric fleets**.

Low-emission zones, congestion pricing.

Real-world emissions monitoring.

2. Industrial and Energy Transition

Strict enforcement of pollution-control technologies.

Phased transition away from coal in industrial processes.

3. Construction and Urban Planning Reforms

Mandatory dust-suppression systems.

Enclosure norms for construction sites.

Mechanised sweeping and containment of demolition dust.

4. Waste-Management Reform

End open waste burning through:

Segregation

Decentralised processing

Biogas/biomethanation

Scientific landfill remediation

5. Integrating Air Quality into Public Health Systems

District-level health advisories based on real-time AQI.

School-level lung-function screening.

Routine COPD and cognitive decline screening.

Strengthening primary healthcare in high-burden regions.

Conclusion

India's air pollution crisis is not an environmental issue alone; it is the largest and most pervasive public health threat facing the country. The evidence is unequivocal: polluted air is reducing life expectancy, reshaping disease patterns, and disproportionately harming vulnerable communities. Clean air must now be treated as a fundamental right and a national development priority, requiring urgent, science-driven, and coordinated action across transport, energy, construction, waste management, and public

health sectors. Only a health-centred, multi-sectoral approach can break the cycle of toxic exposure and secure a safer, more equitable future for India.

UPSC Prelims Practice Question

Ques: Which of the following best explains the term “environmental inequality” in the context of India’s air pollution crisis?

- (a) Rural areas suffer higher pollution than urban areas.
- (b) Poorer communities are disproportionately exposed to emission hotspots and face higher health risks.
- (c) Richer households contribute more to PM2.5 levels.
- (d) Pollution affects only children and not adults.

Ans: b)

UPSC Mains Practice Question

Ques: India’s Air Quality Index (AQI) fails to capture the real severity of pollution and undermines public health communication. Critically examine. **(150 Words)**



The Karnataka Hate Speech and Hate Crimes (Prevention) Bill, 2025 aims to criminalise hate-motivated speech and acts intended to incite hatred, disharmony, or violence. While the intent reflects legitimate concerns over rising prejudice, misinformation, and targeted hostility against vulnerable groups, the proposed law raises serious questions about free speech, constitutional liberties, operational subjectivity, and the scope for state overreach. The editorial argues that the Bill, instead of protecting democratic spaces, may weaken them by empowering the state to police thought and expression.

Why the Bill Has Become Controversial

1. Overbroad and Vague Definitions

The Bill defines hate speech as any expression that “deliberately causes injury, disharmony, enmity, hatred or ill will.”

Terms such as **harmony, hatred, enmity, ill will**, or even “prejudicial interest” are **not legally precise**.

Vague phrasing invites **subjective interpretation**, leaving room for arbitrary enforcement.

2. Risk of Misuse by State Power

Experience shows that governments often use such laws to curb political dissent.

In many democracies, including Western countries, **peaceful pro-Palestinian protests** have been mischaracterised as anti-Semitic.

In India, past misuse of laws like **sedition, UAPA, Section 66A (struck down)** illustrates how broad powers can be weaponised.

3. Existing Legal Framework Already Sufficient

India already has multiple provisions to deal with threats of violence and incitement:

IPC Sections **153A, 295A, 505(1), 505(2)**

Representation of the People Act

IT Act provisions : Thus, an entirely new, sweeping law is unnecessary.

4. Free Speech in a Constitutional Democracy

Article **19(1)(a)** guarantees freedom of speech. Reasonable restrictions exist under **Article 19(2)** — but only in the presence of a **clear and imminent threat**, not vague possibilities of “ill will.” The editorial highlights a democratic principle:

Restricting speech without a tangible connection to violence undermines pluralism and strengthens authoritarian tendencies.

Playing to the gallery

Karnataka's hate crimes Bill is
a threat to free speech

Good intentions do not necessarily lead to good outcomes, and it is important to recall this lesson of history in the context of the Karnataka Hate Speech and Hate Crimes (Prevention) Bill, 2025. Its pious objectives are more likely to lead to unintended horrors against free speech and individual liberty, and blatant misuses of state power. The intent of the proposed law is to define and penalise hate speech and hate-motivated acts that incite disharmony, hatred or violence against individuals or groups based on various protected characteristics. The corrosion of public spaces in free societies is indeed troubling, and governments, policymakers and the citizenry are justifiably concerned about this. Individuals and communities are targeted for their religion, race, sexual orientation, caste and gender through public platforms, particularly social media. There is a certain impunity from law that purveyors of hatred are guaranteed. They are often rewarded with political power and social influence. Starting with prejudice against fellow humans, hate speech is fuelled by misinformation and fake news oftentimes. Speech, prejudice and hatred create a vicious cycle, sometimes leading to violence against groups and individuals. Karnataka has more than its share of all these, and the State government must have thought that a specific law is the way to tackle this.

Such attempts around the world are creating more problems than they resolve. Restriction of speech on any ground is a bad idea, and when an agent of the state is authorised to determine what is allowed and what is not, it is a slippery slope. A case in point is how law enforcement in several western countries cracks down on peaceful pro-Palestinian speech as anti-Semitic. Most of the attributes that such laws, including the proposed one in Karnataka, are trying to define are indefinable concepts such as harmony, hate, enmity and ill will. All agree in principle that no one should spread hate or prejudice, and they go on to accuse opponents of doing it. Considering the inescapable subjectivity in this determination, the powerful prevail. The Bill defines hate speech as any expression (spoken, written, visual, electronic) made in public view to deliberately cause injury, disharmony, enmity, hatred, or ill will against a person or group with a prejudicial interest, which is so sweeping and totalitarian that the risk of misuse will be manifold compared to any social good that can be achieved through this. The only reason why speech ought to be controlled in a free society is the imminent threat of violence, and existing laws are more than enough to tackle such situations. The Karnataka government is playing to the gallery. And it is playing with fire.

5. Bill May Suppress Dissent Rather Than Hate

Because "hate" becomes whatever the state interprets it to be, the law may:

- Silence critics of the government

- Suppress political satire

- Target minority voices

- Criminalise unpopular opinions : This **chilling effect** undermines democratic discourse.

Broader Concerns: The Global Debate

Globally, attempts to regulate hate speech often backfire:

- They homogenise public debate.

- They give law enforcement excessive discretionary power.

- They shift focus from underlying structural discrimination to speech policing. The editorial notes that regulating narrative instead of addressing real socio-economic problems can have **counterproductive results**.

What Could Be a Balanced Approach?

Instead of sweeping prohibitions, India needs:

- Narrowly tailored laws** applying only when speech has a direct, provable link to violence.

- Independent regulatory oversight** rather than executive control.

- Strengthening counter-speech mechanisms**, fact-checking, media literacy.

- Better enforcement of existing laws** instead of introducing ambiguous ones.

- Addressing root causes** of hate: inequality, misinformation, political polarisation.

Conclusion

The Karnataka Hate Crimes Bill, though motivated by legitimate concerns, risks becoming an instrument of **state overreach and suppression of constitutionally protected expression**. Its vague terminology, broad scope, and heavy reliance on subjective interpretation make it susceptible to misuse. Democracies should regulate only speech that poses a **clear, imminent threat of violence**. By attempting to legislate morality and thought, the Bill may undermine the very freedoms it claims to protect. In this sense, the State is "playing to the gallery" — politically appealing but normatively dangerous — and in doing so, may be "playing with fire."

Daily News Analysis

UPSC Mains Practice Question

Ques : The Karnataka Hate Crimes Bill, 2025 aims to curb hate speech but has raised concerns around vagueness, over-criminalisation, and the risk of executive overreach. Discuss these issues in the context of Article 19(1)(a) and the permissible restrictions under Article 19(2).



In recent weeks, the Indian rupee has depreciated beyond ₹90 per dollar, triggering political debate and public anxiety. However, currency movements must be evaluated through macroeconomic fundamentals rather than sentiment. The article, based on a conversation with economists Madan Sabnavis and Ranen Banerjee, emphasises that the current depreciation is influenced by transient global and market factors, not structural weaknesses in the Indian economy.

Is the falling rupee a cause for alarm?



Madan Sabnavis
Chief Economist
at the Bank of
Baroda



Ranen Banerjee
Partner and
Economic
Advisory Leader
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PARLEY

Over the last few days, the rupee exchange rate has fallen below ₹90 a dollar and has largely stayed at that level. Now, with Parliament running, a lot of the discourse on this has been political. However, from a policy level, it is critical to understand the economics behind the fall. Why is the rupee falling? Is it falling worse than other currencies? Does the fall hurt or help the Indian economy? And finally, is this a cause for alarm? Madan Sabnavis and Ranen Banerjee answer these in a conversation moderated by TCA Sharad Raghavan. Edited excerpts:

Why is the rupee falling?

Madan Sabnavis: It is falling for a variety of reasons. The first is that the fundamentals are definitely negative. When I talk of fundamentals, I am talking in terms of a higher trade deficit, possibly a higher current account deficit, and the movement of FPIs (foreign portfolio investments), which have tended to be negative rather than positive. These are the fundamental factors and these also get reflected in terms of our forex reserves coming down.

But I think the factor which has been driving the rupee down is more on the tariff front, where there were expectations that there would be a deal between India and the United States. That seems to be on the anvil, but still has not quite taken place. I think that is the reason why the sentiment has turned in the other direction.

In this entire business of the rupee depreciating, a critical factor which sort of moderates the level of fall of the rupee has been the intervention of the RBI (Reserve Bank of India). Now, we have seen that the intervention of the RBI in the forex market has tended to be limited. It does look like the fall of the rupee is within the acceptable limits of the RBI, though we should say upfront that the RBI maintains it is not defending any rate, but is out there to check any excess volatility in the market. These are the reasons why we have seen the rupee crossing from ₹87 to ₹88 to ₹89 and now ₹90.

Ranen Banerjee: The rupee is falling for two or three reasons. The primary one is ongoing portfolio outflows, which are increasing the demand for dollars. Second, our import growth has been higher than the export growth. And that also boosts the demand for the dollar. The current account deficit has been higher. So I think it's the demand and supply of dollars and how much the RBI releases from its reserves to meet the demand. The uncertainty on the tariff agreement creates a forward-looking challenge. And it may impact the economy also. So that



GETTY IMAGES

may influence some sentiment of the portfolio investors, who may be withdrawing from the Indian market. But I don't think that is the key reason why portfolio investors are withdrawing. I think the key view that the investors are taking is that the valuations are higher and that they could have a higher return in other economies by deploying that capital in the immediate term. So, that is influencing portfolio flows. And of course, the uncertainty on the trade front adds to that sentiment.

Does a falling rupee indicate a weakness in the economy?

MS: Definitely not. Because if you are looking at the overall state of the economy, if you go by the performance on the GDP front, it has been fairly remarkable, the kind of growth rates we have seen in the first half of the year. So, I don't think it has anything to do with the real economy. The balance of payments is fairly robust. The RBI Governor had also pointed out that affordability reserves are covering 11 months of imports. So, I don't see any problem out there. It is more of the sentiment that has been driving the rupee downwards.

RB: I don't think that there has been any structural change in the economy that is influencing the rupee. The fundamentals are very strong. We are having robust growth. Inflation is benign. The monetary policy is quite accommodative. The rate cuts have been done. The fiscal consolidation is in place. Capital expenditure is going on. The government is adhering to the fiscal roadmap that it had laid down. So I don't think structurally anything major has changed. It is my belief that it is more transient factors that are impacting this (fall of the rupee), rather than structural factors.



I don't think we are in a situation where we need to be alarmed. We are the worst performing currency in the last three months, maybe. But if we take a two-year horizon, then I think other than the Korean currency, all other emerging market currencies have possibly depreciated against the dollar much more than the rupee.

RANEN BANERJEE

Do you feel that there is any benefit to India from a falling rupee?

MS: The only benefit which we would be getting on account of the falling rupee is more theoretical in nature. When I say theoretical, economic theory says that when the rupee depreciates, your exports gain a competitive advantage over the other countries. From the point of view of exports, if other currencies are not depreciating, but the rupee is depreciating, maybe around 4-5%, which we have seen in the current calendar year, this is an advantage for our exporters. The higher tariffs that have been imposed by the U.S. could be negated to a certain extent by the price competitiveness that we get on account of the rupee depreciation.

Imports will become more expensive. Every commodity which we are importing is going to become more expensive by 4-5%. But purely from the point of view of inflation, if you look at the components of the CPI (Consumer Price Index) and what really gets affected on account of imports, our calculation shows that 5% depreciation on a sustained basis could push up inflation by something like 0.3-0.4%, which is not really very high. And given the fact that inflation is at an all-time low in India, this should not be a major worry for us.

RB: The exporters may be happy that they are having a better realisation. And also, they may be happy that given some of the tariff headwinds, our products may become a little bit more competitive. If you look at, say, services, services exports is a very large segment of our economy and it has been doing very well, growing very fast. So companies that are exporting services are going to have better bottom lines in rupee terms. Who knows, they may be willing to share some of those benefits with their employees as higher bonuses. And then that may lead to further support for consumption. So, there are various channels through which benefits could come.

But then there are downsides also. We are a

large importer. And therefore, during any rupee weakness, we have to shell out more rupees. And there could be some additional expenses that need to be done by companies that are importing. And if the demand holds, then to a very small extent, there could be some bit of imported inflation too, but it may not be very large. So we can't really say whether it is benefiting India or not because different segments of the economy get impacted differently.

Is the falling rupee alarming and should the RBI step in or let it fall?

MS: Every time the rupee reaches a new low, there is a tendency for a certain amount of alarm. And if the rupee is going down and there is little interference from the RBI, there would be a natural tendency for this to become self-fulfilling and the rupee will fall further. But in terms of internal dynamics, the currency should not be a major worry. From the point of view of exports, no alarm. From the point of view of inflation, no alarm.

But I think what is a worry is that when we have such a volatile currency, it becomes a bit difficult for both exporters and importers to do business, because normally we expect the rupee to be stable. The rupee should actually be appreciating, given the fact that the dollar is weakening. So, to that extent, I think it is definitely a disruption for us, especially for those who are in the business of importing inputs. But it is not going to rock the overall economic performance of the economy.

There may also be some pressure on the fiscal balance, but we will have to wait for the revised budget figures to understand the extent of the impact. There would definitely be some problem even in terms of fertilizer imports. But we don't expect that to actually upset the fiscal arithmetic too much.

RB: I don't think we are in a situation where we need to be alarmed. We are the worst performing currency in the last three months, maybe. But if we take a two-year horizon, then I think other than the Korean currency, all other emerging market currencies have possibly depreciated against the dollar much more than the rupee. So, we must not forget that we almost had a flat exchange rate for over 12 months prior to the last six months. So I don't think that there is need for alarm.



To listen to the full interview
Scan the code or go to the link
www.thehindu.com

Why Is the Rupee Falling?

1. Weak External Fundamentals

Higher trade deficit and **rising current account deficit** are contributing to greater demand for foreign currency.

FPI outflows: Portfolio investors are withdrawing capital due to

expensive Indian equity valuations,

better short-term returns in other markets, and

global risk aversion.

This increases dollar demand and puts pressure on the rupee.

2. Import–Export Imbalances

Import growth has outpaced export growth.

More dollars are required to pay for imports, increasing pressure on the rupee.

3. Tariff Agreement Uncertainty

The anticipated U.S.–India tariff deal has been delayed, generating negative sentiment and future uncertainty for investors.

4. Limited RBI Intervention

The RBI's stated policy is **not to defend a specific rate**, but to manage **excess volatility**.

Its relatively hands-off stance suggests the current movement is within tolerable limits.

Does the Falling Rupee Indicate Economic Weakness?

Both economists argue **no**.

1. Macroeconomic Fundamentals Remain Strong

GDP growth is robust.

Inflation is moderate and within the comfort zone.

Monetary policy remains accommodative.

Fiscal consolidation is on track; capital expenditure continues.

2. Healthy External Buffers

Forex reserves cover **11 months of imports**, signalling strong balance-sheet resilience.

No structural imbalance is visible in growth or financial stability indicators.

Thus, rupee depreciation appears **sentiment-driven**, not reflective of economic deterioration.

Does a Weaker Rupee Benefit the Economy?

1. Export Competitiveness

A 4–5% depreciation may help exporters by

improving price competitiveness,

offsetting new U.S. tariff headwinds.

2. Services Sector Gains

India's booming **IT and services exporters** benefit directly; higher rupee earnings may spur

higher profits,

bonuses,

stronger consumption demand.

3. Limited Inflation Impact

A 5% depreciation adds only **0.3–0.4 percentage points** to CPI.

With inflation currently low, this is manageable.

But there are downsides:

Import-dependent industries face higher costs.

Fertilizer, energy, and capital goods imports may increase fiscal pressure.

High volatility—not depreciation itself—creates business uncertainty.

Is the Current Depreciation Alarming?

Why It Is Not Alarming

India is **not facing a currency crisis**.

Most EM currencies have depreciated more over a two-year horizon.

India enjoyed a stable rupee for nearly 12 months earlier.

When It Could Become a Concern

If volatility remains high, it disrupts

pricing decisions,

hedging strategies,

long-term contracts.

Persistent depreciation could strain the fiscal bill for imported fertilizers and energy.

Role of the RBI

Daily News Analysis

Should intervene only to avoid excess volatility, not to defend a level.

Letting the rupee adjust naturally preserves reserves and market confidence.

Conclusion

The rupee's fall beyond ₹90 per dollar has generated public debate, but macroeconomic fundamentals remain strong. The depreciation is driven largely by portfolio outflows, temporary sentiment factors, and global conditions, rather than structural deficiencies in India's economy. Exporters and services firms stand to gain, while inflation risks remain modest. The situation does not warrant alarm; what is essential is managing volatility, improving export competitiveness, and ensuring stable external balances. The current depreciation is a cyclical adjustment, not a crisis signal.

UPSC Prelims Practice Question

Ques: In the context of India's foreign exchange management, the RBI's stance is best described as:

- A. Maintaining a fixed rupee-dollar exchange rate
- B. Intervening only to control excess volatility
- C. Preventing any depreciation of the rupee
- D. Pegging the rupee to a basket of major currencies

Ans : b)

UPSC Mains Practice Question

Ques: Discuss the major economic factors driving the recent depreciation of the Indian rupee. How should policymakers balance exchange rate stability with long-term growth priorities?

At COP30 in Belém, the country pavilions — normally modest spaces for cultural diplomacy and climate branding — emerged as symbolic arenas of global power projection. The article highlights the stark contrast between **China's high-visibility, tech-driven pavilion** and **India's minimalist presence**, reflecting not merely different communication styles but deeper divergences in geopolitical strategy, climate positioning, and soft power outreach.

NOTEBOOK

At COP30, China's tea-infused fabric and India's austerity

Pavilions are where countries set up cultural displays that tout their commitment to sustainable development and clean energy

Jacob Koshy

“Maybe it is just the magic of the panda,” Liantong Zhou told me in a paroxysm of laughter, seriousness, and bemusement.

Something strange was happening at the Chinese pavilion in the Hangar Convention and Fair Centre, the venue of the COP30 climate talks in Belém, Brazil. These pavilions at the annual United Nations conference are where countries set up cultural displays that tout their commitment to sustainable development and clean energy. They are also venues for panel discussions and seminars, and provide opportunities for bureaucrats, ministers, and businessmen to network. They are like temporary embassies where all the countries mark their presence over the fortnight of talks.

What marked the Chinese pavilion were the queues. On all days, Ms. Zhou told me, people had been lining up for an hour, sometimes two or three times a day, for ‘gifts’. These freebies included baubles, pens, caps, panda figurines, candles and soft toys — every day tourist ware — and were outwardly unexceptional. There were bigger panda soft toys and coffee mugs as well, but these were not free and had to be bought. And those were not exactly flying off the shelves.

I asked Ms. Zhou if she would endure a two-hour wait for similar stuff back home in Beijing. She gave me a diplomatic chuckle — she worked at the Environment Ministry and was only volunteering at the pavilion — and did not let her official mask slip. “Most of these are metal but some of them are made of tea,” she explained. “Bags?” I asked. “No, they are dissolvable, tea-infused fabric and recyclable. Once you are done with them, you can drink them.”

Other pavilions too had their draw: there was free Colombian coffee and Australian cakes, but no long lines. Here, in a microcosm, was geopolitics at play. China was the manufacturing powerhouse of

the world and everyone at its pavilion was lining up for a piece of whatever the Chinese were giving away. This was no longer the country that, once in the popular imagination, was linked to plastic articles and toxic paints. ‘Metal,’ ‘recyclable,’ and ‘eminently desirable’ was the aesthetic the pavilion exuded.

At COP30, the U.S. was absent. It was where countries such as China, India, Iran, Saudi Arabia — or the Like-Minded Developing Countries, as they are called — steered the conversation away from ending fossil fuel to concerns such as adaptation and the money needed to better fortify against a heating globe. From the European perspective, these countries, with their refusal to set hard deadlines on phasing out fossil fuels, are stalling progress, though it is also common knowledge that without China’s rare earths, solar cells, and batteries, an oil-and-coal-free planet is an opium dream.

In contrast to the Chinese pavilion, the Indian pavilion was austere. ‘India@COP30’ was displayed amid the red, orange, and green. India may be the third largest solar producer in the world, but a little over 70% of its actual electricity comes from coal. There were no queues because there was nothing to give away. It was nearly always empty except for visits by members of the Indian delegation.

“See these chairs?” Ms. Zhou continued, pointing to elegantly crafted wooden ones. “Tomorrow evening, when the pavilions close, we are going to give them all away. We shipped these in from China. We have committed them to a local NGO but anybody who wants them can take them away for free, if they line up.”

However, the next day, shrieks rent the pavilion. “Fire! Fire! Everyone clear out,” UN marshals bellowed, herding us all through the exits. A short circuit in the vicinity of the Africa pavilion had razed large portions. The venue was sealed and shut for the day. I wondered if somebody had grabbed those chairs.

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1. What the Chinese Pavilion Signalled

A. Soft Power Through Design, Technology and Abundance

China's pavilion attracted long queues because of:

Attractive giveaways: panda toys, pens, recyclable metal gifts, candles.

Symbolic innovation: dissolvable **tea-infused fabric bags**, projecting eco-friendly production and technological prowess.

A curated aesthetic: modern, clean, recyclable — signalling that China is no longer associated with "cheap plastics" but with **green manufacturing capability**.

This mirrors China's attempt to:

Control the climate-tech narrative,

Present itself as the indispensable global supplier of sustainable technologies,

Reinforce its dominance in rare earths, solar cells, and batteries.

B. Geopolitical Strategy

The pavilion's popularity reflected:

China's position as the **world's manufacturing powerhouse**.

A subtle message: **Global green transitions cannot occur without Chinese materials, supply chains and innovation**.

A deliberate projection of confidence as Western influence wanes at multilateral climate platforms.

2. India's Austerity and Its Own Climate Narrative

A. Spartan, Symbolic, and Understated

India's pavilion was relatively empty:

No giveaways,

Minimal aesthetic appeal,

Limited foot traffic aside from official delegations.

Despite being:

The **world's third-largest solar producer**,

A central actor in south-south climate diplomacy, India's communication style remained modest and technical.

B. A Reflection of Domestic Realities

India's pavilion mirrors the policy dilemma:

Over **70% of electricity** still comes from coal.

India insists on the principle of **Common but Differentiated Responsibilities (CBDR)**.

India prioritises financing, adaptation and development needs over aggressive fossil-fuel exit timelines.

The austerity therefore symbolises:

A focus on pragmatic climate action rather than symbolic diplomacy,

A reluctance to project "green leadership" without corresponding financial and technological backing from developed nations.

3. Shifting Climate Politics at COP30

A. Absence of the U.S. Creates Space for LMDC Alliance

The U.S. was notably missing, which allowed:

China, India, Iran, Saudi Arabia and others (LMDC group) to steer conversations away from fossil-fuel phase-out deadlines and towards:

Adaptation finance,

Equity in climate transitions,

Global South development priorities.

B. Tension With Europe

Europe accuses LMDCs of:

Blocking commitments on fossil-fuel phase-out,

Slowing mitigation progress.

However, Europe also depends heavily on:

China's solar manufacturing ecosystem,

China's rare earth supplies,

Global South cooperation to meet its own climate goals.

This creates a paradox:

The world cannot meet climate targets without LMDCs, yet constantly criticises them for slow transitions.

4. Symbolism of the Chairs and the Sudden Fire

The story ends with:

China planning to “give away” its intricately crafted chairs to NGOs — another soft-power gesture.

A sudden electrical fire shutting the venue.

Symbolically, it highlights:

The unpredictability of climate negotiations,

The fragility of these climate “performances” in the face of real global risks,

The irony that even an event devoted to sustainability can be disrupted by infrastructural vulnerability.

Conclusion

The contrast between China’s vibrant, high-tech pavilion and India’s austere, understated presence at COP30 reflects deeper geopolitical currents. China foregrounds its dominance in green technologies and seeks to shape global climate narratives through symbolism, innovation, and soft power. India, meanwhile, positions itself as a pragmatic voice of the Global South, emphasising equity, adaptation, and developmental needs over performative display.

UPSC Prelims Practice Question

Ques : Which of the following best explains China's strategy at the COP30 pavilion?

- a) Prioritising fossil fuel exports to developing countries
- b) Showcasing its manufacturing leadership in green technologies
- c) Promoting joint India-China climate initiatives
- d) Advocating for immediate fossil-fuel phase-out

Ans : b)

UPSC Mains Practice Question

Ques : Do pavilions at climate conferences serve merely as cultural showcases, or are they instruments of geopolitical influence? Analyse with examples from COP30.



Page 10 : GS 3 : Indian Economy / Prelims

India's capital markets are undergoing a structural transition. Household savings — channelled through mutual funds, SIPs, and direct equity holdings — are increasingly replacing foreign portfolio investment as the dominant source of market liquidity. This shift enhances domestic financial stability, but also exposes gaps in investor preparedness, wealth distribution, and regulatory safeguards. As India pursues the vision of Viksit Bharat 2047, the critical question is whether market deepening without inclusivity and strong investor protection can sustain equitable growth.

Savings shift reshapes India's markets

Domestic savings are replacing foreign institutional money, boosting stability but exposing new investors to uneven participation and higher risks; booming markets mask access and performance problems, underscoring the need to fix asymmetry and strengthen investor protection

ECONOMIC NOTES

Saumitra Bhaduri
Shubham Anand

A significant transformation is under way in India's capital markets. Domestic household savings are now replacing foreign institutional money. This is not just a change in numbers — it is a shift in market power. Indian equities are less exposed to the unpredictable swings of global capital, which is positive for stability. However, there is a challenge: millions of new retail investors are stepping in, and not all of them are prepared for the complexities ahead. As India aims for "Viksit Bharat 2047," the question is whether stability built on unequal participation and limited returns supports inclusive growth.

The rise of domestic money

The latest NSE Market Pulse report shows Foreign Portfolio Investor (FPI) ownership of Indian equities at a 15-month low of 16.9% and 24.1% in the NIFTY 50. Meanwhile, domestic Mutual Funds (MFs) are hitting new highs quarter after quarter. Systematic Investment Plans (SIPs) are bringing in record inflows, and individual investors, through direct holdings and MFs, now own nearly 19% of the market, the highest in over two decades. Domestic savers are now the market's anchor. They are helping reduce volatility and giving institutions a "flight-to-stability" option, as seen in the NIFTY 50's surge in October.

This market ownership shift has a corresponding impact on the policy landscape. The Reserve Bank of India now enjoys greater flexibility, thanks to domestic inflows and record-low inflation — CPI inflation eased to 0.3% year-on-year in October. With less reliance on FPI flows, the central bank can prioritise stimulating bank credit growth and managing the growth-inflation trade-off, rather than defending the rupee from capital flight. Yet, this policy space is not



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guaranteed; it could quickly evaporate if household confidence falters or if market downturns disproportionately impact the most vulnerable. Without careful management, this shift risks becoming a source of future instability.

Boom in primary markets

Further reflecting the confidence in domestic capital, the primary market is booming. Seventy-one mainboard listings this fiscal year have raised over ₹1 lakh crore. This surge is supported by a strong appetite for capital formation: in the first nine months of FY25, Indian companies announced investments exceeding ₹32 lakh crore, a 39% increase over the same period last year. Notably, the share of private participation in these announcements has risen to around 70%.

However, beneath this growth lies a more complex reality. The celebratory narrative around MFs and retail participation often skips a key point: the quality of financial advice and how wealth is distributed. A concerning trend can be observed in the IPO market. Companies like Lenskart are commanding sky-high price-to-earnings multiples. Mamaearth and Nykaa have seen similar trends. These examples raise questions about whether market exuberance is outpacing fundamentals and whether retail

investors are being exposed to excessive risk.

Financial literature provides some answers — investing doesn't guarantee better returns. This dynamic is highlighted in the so-called "performance problem" in finance, where most active fund managers struggle to consistently beat the market after accounting for risk and fees.

Unequal outcomes

The consequences of this structural inefficiency are direct, impacting how wealth is distributed across society. When new equity wealth is concentrated among upper-income groups — as seen in higher MF participation in areas with formal financial access — market stability may inadvertently accelerate wealth inequality. The recent decline in household equity wealth by ₹2.6 lakh crore in the last quarter is particularly concerning. If these losses are concentrated among new, vulnerable investors, the promise of inclusive growth rings hollow. Moreover, concentrated benefits dampen aggregate demand, as high wealth concentration often leads to a lower marginal propensity to consume.

One can argue that increased retail participation is a sign of democratisation and will naturally lead to better outcomes

as markets mature. But without appropriate safeguards and education, new investors may face higher risks and losses. Market corrections are a normal part of investing, but when losses are concentrated among inexperienced investors, long-term trust in markets can be damaged.

Fixing asymmetry

Addressing these challenges requires more than just increasing the volume of savings. The current financial system must confront the "access asymmetry problem." This means shifting the focus from simply disclosing information to actively protecting everyday investors. Key steps include incentivising lower fees and promoting passive, low-cost investment vehicles.

With active schemes holding 9% of the market and low-cost passive funds only 1%, lowering expense ratios and educating investors on indexing are crucial steps toward solving the "performance problem."

Deeper structural issues also demand attention. As promoter holdings in the NIFTY 50 reach a 23-year low of 40%, it is vital to ensure this reflects healthy capital raising, not opportunistic disinvestment. Strengthening corporate governance and transparency is necessary to safeguard long-term value for domestic savers.

Equally important are data-driven interventions. Using gender- and location-specific data can help identify gaps in access and outcomes, enabling targeted policies that bring more women and underrepresented investors into the financial mainstream.

The market's new foundation is promising, but the imperative now is to shift from simply attracting funds to proactively deepening institutional integrity and broadening financial literacy. Navigating the asymmetries inherent in financial deepening is no longer a peripheral concern; it is a fiduciary imperative.

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THE GIST

Domestic household savings replace foreign institutional money, giving Indian markets stability but raising concerns about unequal participation and limited returns for new retail investors.

Access asymmetry and unequal outcomes emerge as key challenges, making investor protection, lower fees, passive investing, and stronger governance crucial.

1. The Rise of Domestic Money: A Structural Realignment

A. Decline of FPI Dominance

FPI ownership in Indian equities has fallen to **16.9%**, a 15-month low.

In NIFTY 50, it stands at **24.1%** — signalling reduced foreign influence.

B. Surge in Domestic Savings

Mutual fund assets and SIP flows have reached record highs.

Retail and domestic investors now own **~19%** of market capitalization — highest in two decades.

Domestic savers have become the **anchor** of Indian markets, cushioning volatility and reducing dependence on global capital cycles.

C. Macro Policy Implications

With CPI inflation at a historic low of **0.3% (YoY)** in October, and strong domestic flows:

The RBI enjoys greater freedom to manage **growth vs. inflation**, rather than defending the rupee during FPI outflows.

However, this policy space is not permanent: market downturns could quickly erode household savings and confidence.

2. Booming Primary Markets — But With Hidden Risks

A. Sharp Increase in Capital Formation

FY25 has already seen **₹1 lakh crore** raised via 71 mainboard IPOs.

Corporate investment announcements exceed **₹32 lakh crore**, up **39%** from last year.

Private sector accounts for nearly **70%** of these investments — reflecting domestic confidence.

B. But Investor Behaviour Shows Signs of Exuberance

IPO valuations (Lenskart, Nykaa, Mamaearth) appear disconnected from fundamentals.

Retail investors often chase listings without understanding risks.

C. The “Performance Problem”

Financial research shows:

Most active fund managers fail to outperform the market **after adjusting for costs and risks**.

This challenges the belief that participation alone guarantees wealth creation.

3. Unequal Outcomes and Risks for Inclusive Growth

A. Wealth Concentration

Equity wealth is rising disproportionately among higher-income, urban households with better financial access.

The recent decline of **₹2.6 lakh crore** in household equity wealth is worrisome, especially if losses fall on inexperienced investors.

B. Impact on Inequality and Consumption

High wealth concentration → lower marginal propensity to consume → weaker aggregate demand.

Market-driven growth becomes less inclusive and less sustainable.

C. Vulnerability of New Investors

Millions of first-time investors lack:

- financial literacy,
- risk understanding,
- access to sound advice.

Market corrections may erode trust and push households back to traditional low-yield instruments.

4. Fixing Information and Access Asymmetry

The authors argue that the priority should shift from “more savings” to “better safeguards.”

A. Strengthening Investor Protection

Move from mere *disclosure requirements* to *active protection*.

Regulate mis-selling, mandate suitability checks, and improve grievance redress mechanisms.

B. Promote Low-Cost, Passive Investing

Active mutual funds hold **9%** of market value, passive funds only **1%**.

Lower fees, broader index options, and investor education can reduce risk and improve outcomes.

C. Corporate Governance and Transparency

Promoter holdings in NIFTY 50 are at a **23-year low of 40%**.

Need to ensure this reflects genuine capital raising, not opportunistic sell-offs.

D. Data-Driven Inclusion

Gender- and geography-specific data can identify gaps in participation.

Policies should bring women, rural investors, and underrepresented regions into formal financial ecosystems.

Conclusion

India's capital markets stand at a defining moment. The shift from foreign to domestic savings enhances resilience and marks a maturing financial system. Yet, this new foundation is fragile unless accompanied by financial literacy, regulatory tightening, investor protection, and broad-based access. For capital markets to truly support India's long-term development vision, they must deliver not only stability but also fairness, efficiency, and inclusivity. The challenge now is to transform rising participation into sustainable wealth creation for all — not just a privileged few.

UPSC Prelims Practice Question

Ques : Excessive valuations in IPOs (e.g., Lenskart, Mamaearth, Nykaa) indicate which one of the following risks?

- a) Over-regulation of capital markets
- b) Market exuberance outperforming fundamentals
- c) Declining domestic investment sentiment
- d) Reduced participation by retail investors

Ans: b)

UPSC Mains Practice Question

Ques : Financial deepening without financial literacy can widen inequality." Examine the statement in the context of India's evolving capital markets. **(150 words)**



The stark reality of educational costs in India

Article 21A (86th Amendment, 2002) of the Constitution of India provides the Right to Free and Compulsory Education for children of ages six to 14 years. The National Education Policy (NEP) 2020 expands this vision to cover children from ages three to 18 years, thereby extending the goal of universal education from pre-primary to higher secondary (Class 12). The NEP aims to achieve this universalisation of school education up to the secondary level by 2030. Although education is meant to be free, many students still attend private schools, where substantial fees are charged. In addition, due to several reasons, many students also go for private coaching, which adds to the financial burden.

Given the constitutional guarantee of free education, how expensive is basic schooling in India? How much do parents actually spend to send their children to school – an obligation that, in principle, lies with the government as mentioned in the Constitution? The NSS 80th Round (April-June 2025) survey, on “Comprehensive Modular Survey: Education”, offers the latest data to explore these questions.

Enrolment trends in schools

At the national level, 55.9% of students are enrolled in government schools, 11.3% in private aided schools, and 31.9% in private unaided schools. Enrolment in private schools is much higher in the urban sector than in the rural sector. Among the total schoolchildren in urban areas, 51.4% are enrolled in private school, while this share is 24.3% in rural areas. However, the gender gap in private school enrolment is relatively small – 34% of boys and 29.5% of girls.

In the rural sector, children are enrolled more in government schools than in private schools. Private school enrolment is 28.1% in pre-primary, 25.9% in primary, 21% in middle and secondary, and 25.8% in higher secondary. In contrast, in the urban sector, the share of children enrolled in private schools is much higher – 62.9% in pre-primary, 55.3% in primary, 49.8% in middle, 44% in secondary, and 42.3% in higher secondary. As education levels increase, private school enrolment declines in urban areas.

When compared with the earlier round of the NSS Survey on Education (75th round; July 2017-June 2018), we observe an increased share of children enrolled in private schools. In rural areas, the share of children enrolled in private schools increased from 20.9% to 25.9% in primary level, from 16.7% to 21% in middle level, and from 17.3% to 21.1% in secondary level. In urban areas, the share of children enrolled in private schools increased from 50.5% to 55.3% at the primary level, and from 41.8% to 49.8% at the middle level. This rising enrolment in private schools is leading to the increasing costs of education.

Enrolment in government and private schools is closely linked with educational expenditure.



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The survey asked whether students had to pay any course fee. In rural areas, 25.3% of government school students and 98.2% of private school students reported paying course fees. In urban areas, 34.7% of government school students and 98% of private school students reported paying course fees.

The survey reveals that for fees per academic year in government schools, rural fees range from ₹823 (pre-primary) to ₹7,308 (higher secondary), while urban fees range from ₹1,630 (pre-primary) to ₹7,704 (higher secondary). In private schools, rural fees start at ₹17,988 (pre-primary) and go up to ₹33,567 (higher secondary), while urban fees range from ₹26,188 (pre-primary) to ₹49,075 (higher secondary).

When these figures are converted into monthly terms, the financial burden of private schooling becomes even more apparent. In rural areas, monthly expenditure on private schooling ranges from ₹1,499 for pre-primary to ₹2,797 for higher secondary. In urban areas, these figures rise significantly, from ₹2,182 to ₹4,089. When compared to the Monthly Per Capita Expenditure (MPCE) from the Household Consumption Expenditure Survey (HCES) 2023-24 survey, it is evident that the cost of private schooling at the pre-primary level is roughly equivalent to the monthly income of the poorest 5% of households, while the cost at the higher secondary level aligns with the MPCE of households in the third income decile. This stark contrast underscores the financial strain that many families face in accessing quality education.

Incidence and cost of private tuition

The survey collected information on whether a student was taking or had taken private coaching during the current academic year. In this survey, information on private coaching was collected separately and not as a component of expenditure on school education. The survey found that 25.5% of children in rural areas and 30.7% in urban areas take private coaching. In the rural and urban sectors, the proportion of students taking private tuition increases as we move from lower to higher levels of education. In rural areas, it is 10.7% at pre-primary, 21.6% at primary, 29.1% at middle, 36.7% at secondary, and 33.1% at higher secondary. In urban areas, it is 13.6% at pre-primary, 26.6% at primary, 31% at middle, 40.2% at secondary, and 44.6% at higher secondary.

The average expenditure on private coaching per reported student during the current academic year is higher in the urban sector than in the rural sector. It is ₹13,026 in urban areas and ₹7,066 in rural areas. The average expenditure on private coaching increases as we move from lower to higher levels of education. In rural areas, it is ₹3,980 for pre-primary, ₹4,825 for primary, ₹6,043 for middle, ₹8,616 for secondary, and ₹13,803 for higher secondary. In urban areas, it is ₹5,815 for pre-primary, ₹7,947 for primary,

₹10,765 for middle, ₹16,415 for secondary, and ₹22,394 for higher secondary.

Research shows that higher household income, better educated parents, and urban residence are strongly correlated with a greater demand for private tuition. Studies also observe a positive and significant effect of private tutoring on students' learning outcomes.

Consequently, parents who place a high value on education and possess the financial resources are more likely to invest in private tutoring for their children. Thus, the tendency to seek private tuition is particularly higher among students enrolled in private schools. Although private schooling charges relatively high fees, many teachers in private schools are underpaid and often underqualified, which leads students to rely on private tutoring for academic support. Further, some scholars argue that private tuition has also become a symbol of prestige among families.

Strengthen publicly funded schools

The findings of the NSS 80th Round Survey highlight the stark reality of educational costs in India. Despite the constitutional guarantee of free education, a significant proportion of students, (24.3% in rural and 51.4% in urban), attend private schools that require substantial fees. With private tuition further burdening household finances, education is becoming increasingly unaffordable for many families, particularly those from lower-income backgrounds.

This trend is not only exacerbating inequalities in access to quality education but also threatening the very principle of basic and universal education. As government schools face declining enrolment, children from economically disadvantaged families are being pushed into the private education system, often at the cost of significant financial strain.

Additionally, the growing private tuition phenomenon contributes to widening learning inequalities, where the wealthy have an undeniable advantage over disadvantaged households. Thus, strengthening the quality of learning in publicly funded schools can arrest this trend.

Addressing these challenges requires urgent reforms. Strengthening the quality and accessibility of government schools is paramount to ensuring that education remains a right, not a privilege. A 2024 study by economists Ankush Agrawal, Parul Gupta, and Debasis Mondal published in *The Journal of Development Studies* finds that private tuition is negatively associated with school quality indicators. This implies that students at 'better' schools rely less on tutoring. Thus, strengthening the quality of learning would help bridge the widening gap between students from different socio-economic backgrounds. It is only through these efforts that we can move toward achieving truly equitable and inclusive education for all children in India.

A finding of the NSS 80th Round survey, on 'Comprehensive Modular Survey: Education', is growing inequalities in access to quality education

GS 2 : Social Justice

UPSC Mains Practice Question : Despite the constitutional guarantee of free and compulsory education under Article 21A, household expenditure on schooling in India continues to rise sharply. Discuss the factors driving this increase and analyse its implications for equity and universalisation of school education. **(250 words)**

Context :

Although Article 21A guarantees the Right to Free and Compulsory Education (6–14 years), and NEP 2020 extends this vision to ages 3–18, schooling in India is far from free in practice. The latest NSS 80th Round (2025) provides fresh evidence that household spending on schooling — both private school fees and rapidly rising private coaching costs — has become a major financial burden. This raises serious concerns about affordability, equity, and the integrity of India's commitment to universal education.

1. Enrolment Trends: The Private School Pull

A. Private School Enrolment Is Rising

National share: Govt. schools 55.9%, private unaided 31.9%, private aided 11.3%.

Urban–rural divide:

Urban: 51.4% in private schools

Rural: 24.3% in private schools

Gender gap remains low: **34% boys** vs **29.5% girls** in private schools.

B. Shift Since 2017–18 (NSS 75th Round)

Private enrolment is rising across levels:

Rural primary: **20.9% → 25.9%**

Rural middle: **16.7% → 21%**

Urban primary: **50.5% → 55.3%**

Urban middle: **41.8% → 49.8%**

This indicates growing distrust of public schools, rising aspirations, and the perception of better quality in private institutions.

2. The Financial Burden: School Fees and Hidden Costs

A. Who Pays Fees?

Gov. schools: Rural 25.3%, Urban 34.7% pay course fees.

Private schools: Almost universal — 98%+.

B. Annual Fees Across School Types

Category	Govt. Schools (₹/year)	Private Schools (₹/year)
Rural – Pre-primary	823	17,988

Daily News Analysis

Category	Govt. Schools (₹/year)	Private Schools (₹/year)
Rural – Higher Secondary	7,308	33,567
Urban – Pre-primary	1,630	26,188
Urban – Higher Secondary	7,704	49,075

C. Monthly Burden (Converted)

Rural private: ₹1,499–2,797

Urban private: ₹2,182–4,089

D. Comparison with Household Consumption

From HCES (2023–24):

Pre-primary private schooling ~ equals monthly income of **poorest 5% households**.

Higher secondary private schooling ~ equals the MPCE of the **3rd income decile**.

Implication: Schooling costs are comparable to entire monthly consumption for low-income households — a massive affordability crisis.

3. Private Coaching: The New Driver of Inequality

A. Incidence of Private Coaching

Rural: **25.5%**, Urban: **30.7%**

Increases with education level: Secondary & higher secondary highest in both sectors.

B. Expenditure on Coaching (₹/year per student)

Rural: ₹7,066

Urban: ₹13,026

Rises sharply towards higher classes:

Urban higher secondary: ₹22,394

C. Why Is Coaching Booming?

Better learning outcomes associated with coaching.

Underpaid and underqualified teachers in private schools → push students into coaching.

Cultural forces: Coaching as *symbol of commitment and aspiration*.

Higher-income, urban households are more likely to use coaching → opportunity gap widens.

4. Consequences: Deepening Inequality and Erosion of Public Schooling

A. Financial Strain on Households

Education, though a fundamental right, is becoming a **quasi-market good**, excluding disadvantaged groups.

B. Wealthier Children Gain a Double Advantage

Access to private schools.

Access to private coaching.

This multiplies learning inequalities.

C. Public Schools Lose Enrolment and Quality Declines

As middle-class families exit the system:

- School budgets weaken,
- Accountability declines,
- Segregation increases.

D. Tutoring and School Quality

A 2024 study (Agrawal, Gupta & Mondal) finds:

- Better school quality → lower tutoring dependence. Thus, private coaching's rise signals systemic weaknesses in schooling itself.

5. What Needs Urgent Reform? Fixing Asymmetry and Reviving Public Schooling

A. Strengthen Government Schools

- Fill teacher vacancies.
- Improve infrastructure.
- Increase instructional hours and monitoring.
- Invest in foundational learning (NEP 2020's NIPUN mission).

B. Regulate Private School Fees

- Transparent fee structures.
- Caps in low-income and middle-income zones.
- Stronger grievance redress mechanisms for parents.

C. Address Coaching Dependence

- Improve learning quality inside schools.
- Regulate coaching centres (hours, safety, fees).
- Provide academic support programmes in govt. schools.

D. Targeted Financial Support

- Scholarships for low-income families.
- Conditional cash transfers for continued schooling.
- Subsidies for secondary and higher secondary education.

Conclusion

The NSS 80th Round data exposes a disturbing contradiction: a constitutional right to free education coexists with rising private schooling costs and a booming coaching economy. Low-income families are being pushed into unsustainable expenditure, widening educational and social inequalities. The path to equitable universal education lies not in expanding private schooling but in revitalising the public school system, improving teacher quality, regulating fees, and reducing dependence on private tutoring. Without these reforms, India's vision of inclusive education under NEP 2020 will remain unfulfilled.

