

**The Hindu Important News Articles & Editorial For UPSC  
CSE**

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In March 2026, the Financial Action Task Force (FATF) released a report titled 'Understanding and Mitigating the Risks of Off-shore Virtual Asset Service Providers (oVASPs)'. The report specifically commends India's proactive regulatory and enforcement measures against offshore cryptocurrency entities. This highlights India's commitment to the FATF standards following its successful "regular follow-up" rating in the 2024 Mutual Evaluation.

**Key Highlights of the FATF Report (2026)**

**The Problem of oVASPs:** Offshore Virtual Asset Service Providers are entities that operate from one jurisdiction but serve clients in another (like India) without a local physical presence.

**The "Scam Compound" Phenomenon:** The report cites how "scam compounds" in South-East Asia (Myanmar, Thailand, Cambodia, Laos) use oVASPs to launder money.

**Modus Operandi:** Illicit proceeds from cybercrimes are converted into Virtual Assets (VAs) via offshore exchanges and then moved into the Indian financial system through registered domestic VASPs to appear as legitimate "real money."

**Regulatory Arbitrage:** Since India introduced a strict VDA tax regime in 2022 (30% tax + 1% TDS), a significant portion of trading volume shifted to offshore platforms. These platforms often encourage the use of VPNs to bypass domestic laws.

**India's Strategic Response & Mechanisms**

India has deployed a multi-layered approach to tackle these risks:

Mechanism	Description
<b>PMLA Ambit (2023)</b>	Bringing VDAs under the Prevention of Money Laundering Act, 2002, making crypto exchanges "Reporting Entities."
<b>FIU-India Oversight</b>	The Financial Intelligence Unit (FIU) mandates that Principal Officers (POs) of VASPs must be based in India to ensure legal accountability.
<b>Sahyog Portal</b>	Launched by the Ministry of Home Affairs to streamline "takedown notices" to social media and ISPs for unlawful offshore crypto content.
<b>Virtual Asset Lab</b>	A dedicated facility using analytics and OSINT (Open Source Intelligence) to track unregistered and high-risk platforms.
<b>Inter-agency</b>	Joint investigations by NIA, CBI, and ED into human trafficking and cyber-slavery linked to South-East Asian

**FATF report points to India's action against fraudulent entities**

**Devesh K. Pandey**  
NEW DELHI

A recent Financial Action Task Force (FATF) report has highlighted instances where India has taken action against offshore Virtual Asset Service Providers (oVASPs) to counter money laundering and terror financing threats.

The March 2026 report on 'Understanding and Mitigating the Risks of Off-shore Virtual Asset Service Providers' has discussed India's regulatory perimeter, enforcement actions, and detection tools.

The report states that the Indian Financial Intelligence Unit has been leveraging Suspicious Activity Reports (STRs) from domestic VASPs. A prominent instance quoted pertains to "scam compounds".

Registered Indian VASPs detected unusual deposit patterns from offshore wallets. The FIU analysis revealed that oVASPs were being used to convert illicit proceeds into Virtual Assets (VAs) and then routed through registered Indian VASPs to domestic accounts as real money.

The NIA, CBI, and the ED are probing offshore scam compounds along the Myanmar-Thailand border, in Cambodia, and Laos, where illegally trafficked Indian citizens were

**The Indian Financial Intelligence Unit has been leveraging Suspicious Activity Reports from domestic VASPs**

forced to commit cybercrimes.

"In another case the FIU found an oVASP using the cover of an online gambling platform, based in the Caribbean, and leveraging AML (anti-money laundering) blind spots to move value across borders. Access to the platform was blocked in India," it said.

The FIU has made it mandatory for Principal Officers (POs) of VASPs to be based in India. A PO is the main liaison with regulatory bodies. The officer must hold legal responsibility for transaction monitoring, STRs and ensuring Prevention of Money Laundering Act compliance.

The report said analyses indicate that after India introduced virtual assets tax regime in 2022, a significant proportion of trading traffic moved from Indian to offshore unregistered VASPs. A large number of Indian clients moved to such entities which do not comply with Indian laws. They encourage the use of VPNs or shell companies to circumvent domestic regulations.

Mechanism	Description
Probes	scam hubs.

## Related Static Concepts

### A. Financial Action Task Force (FATF)

It is an independent intergovernmental body that develops and promotes policies to protect the global financial system against money laundering and terrorist financing.

The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CFT) standard.

#### Origin:

It was established in 1989 during the G7 Summit in Paris in response to a growing concern about money laundering. In 2001, its mandate expanded to include terrorism financing.

**Headquarters:** Paris, France.

#### Members:

FATF members include 39 countries, including the United States, India, China, Saudi Arabia, Britain, Germany, France, and the EU as such.

India became a member of FATF in 2010.

In addition, more than 180 countries worldwide are affiliated with the FATF through a network of FATF-style regional bodies (FSRBs).

The FATF researches how money is laundered and terrorism is funded, promotes global standards to mitigate the risks, and assesses whether countries are taking effective action.

FATF regularly publishes reports that raise awareness about the latest money laundering, terrorist financing, and proliferation financing techniques.

Once a member, a country or organization must endorse and support the most recent FATF recommendations and commit to being evaluated by (and evaluating) other members.

The FATF holds countries to account that do not comply with the FATF Standards.

If a country repeatedly fails to implement FATF Standards, then it can be placed under the grey and black lists.

### What are FATF 'grey list' and 'blacklist'?

**Black List:** Countries known as Non-Cooperative Countries or Territories (NCCTs) are put on the blacklist. These countries support terror funding and money laundering activities. The FATF revises the blacklist regularly, adding or deleting entries.

**Grey List:** Countries that are considered a safe haven for supporting terror funding and money laundering are put on the FATF grey list. This inclusion serves as a warning to the country that it may enter the blacklist.

Three countries-North Korea, Iran, and Myanmar, are currently on FATF's blacklist.

### Consequences of being on the FATF blacklist:

No financial aid is given to them by the International Monetary Fund (IMF), the World Bank, the Asian Development Bank (ADB), and the European Union (EU).

They also face a number of international economic and financial restrictions and sanctions.

### B. Financial Intelligence Unit - India (FIU-IND)

**Status:** An independent body reporting directly to the Economic Intelligence Council (EIC) headed by the Finance Minister.

**Function:** It is the central national agency responsible for receiving, processing, analyzing, and disseminating information relating to suspect financial transactions.

### C. Virtual Digital Assets (VDA) - Section 2(47A) of IT Act

Includes cryptocurrencies, Non-Fungible Tokens (NFTs), and any other notified digital token.

**Status in India:** Not legal tender, but a taxable private asset.

### Challenges and Way Forward

**The VPN Hurdle:** Enforcing domestic laws remains difficult when offshore entities actively promote circumvention tools.

**Global Coordination:** Since crypto moves in seconds across borders, India must lead "FIU-to-FIU" cooperation to bridge "AML blind spots" in tax havens (e.g., Caribbean platforms).

**Balancing Innovation & Security:** While curbing fraud, the government needs to ensure that legitimate Web3 startups are not stifled by over-regulation.

### Conclusion

The FATF's recognition of India's efforts reinforces India's position as a responsible global financial player. However, the migration of users to offshore, non-compliant platforms remains a "blind spot." Strengthening the "Activity-Based Approach" (regulating based on what the entity does, not just where it is located) and enhancing international judicial cooperation will be the next frontiers in India's fight against cyber-financial crimes.

### UPSC Prelims Exam Practice Question

**Ques:** The term “Regulatory Arbitrage” in the context of cryptocurrencies refers to:

- (a) Using blockchain to reduce transaction costs
- (b) Exploiting differences in regulations across jurisdictions
- (c) Arbitrage trading across crypto exchanges
- (d) Legal trading of NFTs across borders

**Ans:** b)

### UPSC Mains Exam Practice Question

**Ques:** Critically examine India’s regulatory approach towards Virtual Digital Assets (VDAs). How can India balance innovation with financial security? **(150 Words)**



The rural employment sector in India is currently witnessing a period of "implementation paralysis." While the Union Government passed the Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G RAM G) Act in December 2025, the previous scheme—MGNREGS—is reportedly being phased out prematurely on the ground. This has led to widespread protests, particularly in states like Bihar and Rajasthan, due to the denial of work to thousands of rural laborers.

## Despite assurance from Centre, MGNREGS workers denied work

From Bihar to Rajasthan, thousands of rural workers say work has been halted; as the Centre continues talks with the States on the VB-G RAM G Act, some district officials say they have been directed not to start new work under the old scheme

**Sobhana K. Nair**  
NEW DELHI

For the past 87 days, MGNREGS workers have been protesting at the Muzaffarpur district headquarters in Bihar. The Union government had assured them that until the Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G RAM G) Act, 2025, passed by Parliament in December, is rolled out, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) will continue unchanged. But on the ground, workers say the story is very different.

The protest in Muzaffarpur began on January 2. Nearly 12,000 workers in the district have not received work for the past three or four months – even before the new rural employment law was introduced.

### Uncertainty continues

There is no clarity on when the new scheme under the VB-G RAM G Act will be implemented on the ground, as the Centre is still hold-



**Hold on:** The scheme under the VB-G RAM G Act, 2025 is yet to be rolled out. MOORTHY G.

ing talks with the States to establish the necessary framework.

"Usually, no work is given during the rain. We waited for the monsoon to end, then for the water-logged areas to drain. By December, the MGNREGA season normally begins. But despite repeated demand, no work has been provided. This is a blatant violation of the law," said Sanjay Sahni of MGNREGA Watch-Bihar, an organisation working with rural

workers. Facing repeated rejections, around 16,000 workers – most of them women – gathered at the district headquarters to demand work. A delegation also travelled to Delhi on March 25 to meet senior officials in the Rural Development Ministry.

"The district officials claim they have instructions not to start any new work. But the Ministry officials insist that no such order exists," Mr. Sahni said. He wonders whether it is

lack of information or whether there is an informal signal from the Centre to stop all work under the MGNREGS.

### Ground reality

In Dungarpur district of Rajasthan, similar complaints have emerged. At Balwarha panchayat, around 40 women workers arrived on March 23 to complete paperwork for April's work cycle. Panchayat officials asked them to return later, citing a lack

of clarity. On Saturday, they were told that the MGNREGS had been discontinued and no further work would be available under the scheme.

At Padarmarhi Mewarha panchayat, nearly 30 women workers sat for four hours last Friday, demanding work for the first week of April. Local officials initially claimed that directions had been issued not to start new MGNREGS works. After the women refused to leave, their applications were eventually accepted, but uncertainty continues whether any work will actually be assigned.

"For each household, MGNREGA work brings in about ₹25,000 to ₹28,000 annually. In some women-led households, MGNREGA and government pensions are the only sources of income," said Madhulika of the Rajasthan Asangathit Mazdoor Union.

"There are no formal orders. The VB-G RAM G Act clearly states that until it is implemented, MGNREGA will continue. But on the ground, we are being told otherwise," she said.

### Key Issues Highlighted

**Policy-Execution Gap:** Despite central assurances that MGNREGS will continue until the new Act is fully operational, district officials in Bihar and Rajasthan have reportedly halted new works.

**Legal Violation:** Under the MGNREGA 2005, providing work within 15 days of demand is a statutory right. The current "informal" halt is being viewed by activists as a blatant violation of this legal guarantee.

### Socio-Economic Impact:

**Women-led Households:** MGNREGS provides ₹25,000–₹28,000 annually per household, serving as a primary safety net for women and the elderly.

**Seasonal Unemployment:** Work typically peaks post-monsoon (December onwards), but current administrative uncertainty has left workers without income during the peak season.

**Federal Friction:** The Centre is still in talks with States to establish the framework for VB-G RAM G, leading to a "vacuum" where the old system is discouraged and the new one is not yet ready.

### Comparing the Frameworks

MGNREGA	Viksit Bharat-G RAM G
100 days of wage employment per rural household	125 days of wage employment per rural household
Multiple and scattered categories of works with limited strategic focus	4 clearly defined priority areas focusing on water security, rural infrastructure, livelihoods and climate resilience
Center bears unskilled wage costs, states bear unemployment allowance	State cost-sharing for wages, 60:40 for most states, 90:10 for certain special-category regions
No explicit statutory "pause window"	States can notify up to 60 days in a FY when work will not be executed
Demand based funding with unpredictable allocations	Normative funding ensuring predictable budgeting while protecting the employment guarantee
Gram Panchayat planning is central	Integrates institutionalised convergence and infrastructure planning

Source: Ministry of Rural Development

### Related Static Concepts

#### A. The Mahatma Gandhi National Rural Employment Guarantee Act (2005)

**Bottom-up Approach:** The Gram Sabha recommends the works to be undertaken; at least 50% of works must be executed by Panchayati Raj Institutions (PRIs).

**Social Audit:** A unique feature where the community audits the expenses and quality of work.

**Key Pillars:** Right to work, 1/3rd participation of women, and unemployment allowance if work is not provided within 15 days.

#### B. Issues in Rural Wage Employment

**Budgetary Constraints:** Often, funds run out mid-year, leading to "artificial" work suppression.

**Digital Divide:** Issues with the National Mobile Monitoring System (NMMS) for attendance and Aadhaar-Based Payment Systems (ABPS) often lead to wage delays.

**Productivity vs. Relief:** A long-standing debate on whether the scheme should focus purely on poverty alleviation (digging holes) or high-quality asset creation.

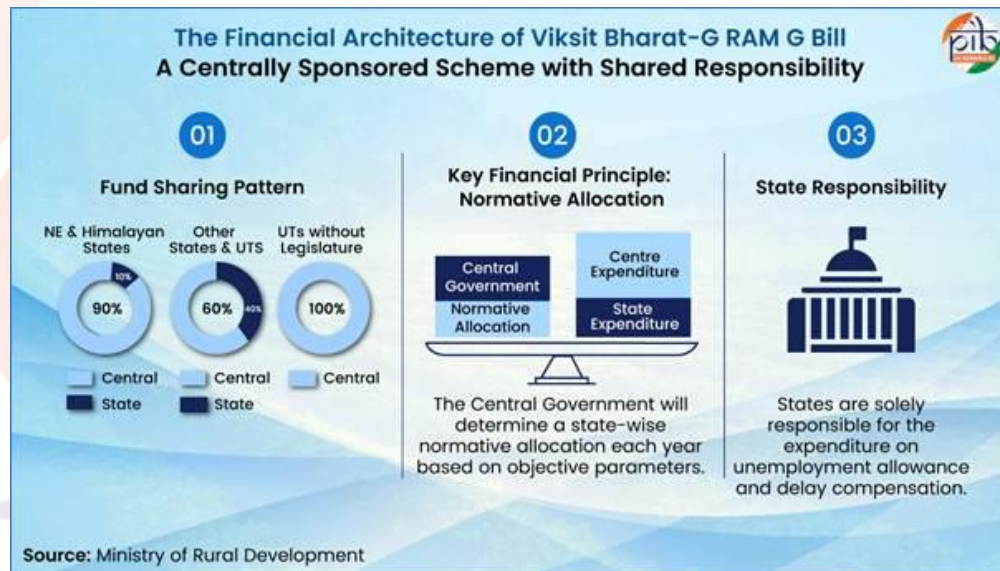
## C. Other Key Government Initiatives to Promote Rural Growth and Employment

Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM): Promotes self-employment through SHGs, financial inclusion, and livelihood diversification in rural areas.

Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY): Focuses on skill development and placement-linked employment for rural youth.

Survey of Villages and Mapping with Improved Technology in Village Areas: Provides property cards to rural households, enabling access to credit and investment.

PM Vishwakarma: Supports traditional artisans through skilling, toolkits, and credit linkage to generate rural non-farm employment.



## Way Forward

**Immediate Compliance:** The Ministry of Rural Development must issue a formal clarification to District Collectors to ensure no work is denied during the transition period.

**Transparency in Transition:** The rules for the VB-G RAM G Act must be notified quickly to remove the current administrative ambiguity.

**Strengthening PRIs:** Local Panchayats must be empowered to accept work applications even during policy shifts to prevent distress migration.

## Conclusion

The transition from MGNREGS to the VB-G RAM G Act represents a significant shift toward a more "mission-mode" approach to rural livelihoods. However, for any social security transition to be successful, it must adhere to the principle of continuity of benefits. Denying work before the new system is "grounded" risks alienating the most vulnerable sections of society and undermining the fundamental "Right to Work" established over the last two decades.

### UPSC Prelims PYQ : 2011

**Ques: Among the following who are eligible to benefit from the "Mahatma Gandhi National Rural Employment Guarantee Act"?**

- (a) Adult members of only the scheduled caste and scheduled tribe households
- (b) Adult members of below poverty line (BPL) households
- (c) Adult members of households of all backward communities
- (d) Adult members of any household

**Ans: (d)**

### UPSC Mains PYQ : 2015

**Ques:** "Poverty alleviation programs in India remain mere showpieces until and unless they are backed up by political will." Discuss with reference to the performance of the major poverty alleviation programmes in India.

### UPSC Mains PYQ : 2016

**Ques:** "An essential condition to eradicate poverty is to liberate the poor from the process of deprivation." Substantiate this statement with suitable examples.

### UPSC Mains Exam Practice Question

**Ques:** Evaluate the role of rural employment programmes in creating climate-resilient assets.

A landmark study published in Scientific Reports (2026) has provided the first comprehensive baseline for the Jungle Cat population in India. While the species is often categorized as 'Least Concern' by the IUCN, the research highlights a shrinking population and a critical dependence on agro-pastoral landscapes—areas traditionally excluded from formal "Protected Area" (PA) networks.

## Secretive jungle cats need habitats outside protected areas: study

A new study's finding that jungle cats use agricultural landscapes aligns with previous knowledge of the species, in and around farms, these cats keep rodent populations in check, thus 'protecting' crops; however, these landscapes lie outside protected areas and harbour several threats, including fragmented habitats and speeding vehicles

Ananya Singh

**J**ungle cats (*Felis chaus*) are found across diverse habitats, from grasslands and wetlands to deserts. They are present across Asia, with large populations in India and Nepal, among others. The IUCN Red List lists the species as being of 'least concern'.

This has led to a "misconception that they are doing fine", Kathan Bandyopadhyay, a postdoctoral research associate at the University of Illinois Urbana-Champaign, said.

Jungle cats' populations are in fact considered to be shrinking. In India, they are protected under Schedule II of the Indian Wildlife (Protection) Act 1972, which means hunting or trading them is illegal.

Despite being the most widespread of India's small cats, jungle cats are understudied and have received little conservation attention relative to larger carnivores such as tigers and leopards.

### Conservation baseline

This animal — with a white muzzle, yellow irises, large ears ending in black tufts, and the sometimes faint striping on its long legs — avoids dense forests and heavily-modified landscapes, preferring agro-pastoral and open habitats, according to a new study based on the largest dataset on the species in India.

The study was published in *Scientific Reports*, and provides a baseline for future conservation planning.

"Until now, we didn't know about their population status or how they are responding to several habitat and climatic covariates", Dr. Bandyopadhyay, who undertook this research as a PhD student at the University of Wyoming, said.

The team found human pressure to be the foremost factor influencing where jungle cats live and that while they can tolerate moderate levels of human disturbance, they avoid densely populated areas.

"Our results highlight the importance of agro-pastoral landscapes in conserving wildlife beyond protected areas, especially as urbanisation continues to expand," Dr. Bandyopadhyay said.

### 'An important analysis'

To estimate how many jungle cats were in India and where, the team compiled camera-trap records from more than 26,000 locations across India. These records were a 'bycatch' of tiger surveys and were supplemented with data from previous studies, radio-collared individuals, and the authors' personal observations. The researchers then included one camera-trap record every 25 sq. km, one radio-collar data point from



A jungle cat in Rajasthan, 2021. KANOUKURU NAGARAJUN

every 5 sq. km, plus all secondary data (from outside protected areas). Then they used machine-learning to model suitable habitats using the final dataset of over 6,000 records.

The team combined these results with sex-specific home range data to estimate a countrywide population of over 3 lakh jungle cats, with at least 1.57 lakh and at most 4.59 lakh individuals. "It's an estimate. It gives you a limit within which the cat is likely to be," Yadavendra Jhala, senior scientist at the National Centre for Biological Sciences and the study's co-author and co-supervisor, said.

Across 21 States with suitable habitats, Madhya Pradesh, Rajasthan, and Odisha were estimated to support the largest populations.

"The study is an "important analysis" that the jungle cat is tightly associated with open natural ecosystems, currently under enormous threat of conversion to other forms of land use, such as built-up areas and large-scale linear infrastructure like highways," Shomita Mukherjee, senior principal scientist at the Salim Ali Centre for Ornithology and Natural History, Coimbatore, and a member of the IUCN/SSC Cat Specialists Group, said.

Dr. Mukherjee was not a part of the study.

**Ideal landscapes**  
Per the study, jungle cats prefer warm, semi-arid regions that are seasonally dry, with moderate rainfall and canopy cover. Their predicted hotspots lie in India's east rather than in the drier west.



Our results highlight the importance of agro-pastoral landscapes in conserving wildlife beyond protected areas, especially as urbanisation continues to expand

**KATHAN BANDYOPADHYAY**  
Postdoctoral research associate at the University of Illinois Urbana-Champaign

India needs land policies that recognise the ecological value of open ecosystems, Dr. Mukherjee added.

According to her, the finding that jungle cats use agricultural landscapes aligns with previous knowledge of the species. In and around farms, these cats keep rodent populations in check, thus 'protecting' crops.

However, these landscapes lie outside protected areas and harbour several threats, including fragmented habitats, speeding vehicles on roads, and poaching, according to the study.

It also pointed to a potential threat from hybridisation with domestic cats, which could compromise their genetic lineage, although Dr. Bandyopadhyay and Dr. Mukherjee cautioned that this idea doesn't have enough evidence.

Another key threat is the stray dog population, which "acts as a source of wildlife diseases and kleptoparasitism — that means snatching kills from jungle cats and other carnivores," Dr. Bandyopadhyay said.

Per the study, stray dogs could share

foraging spaces with other livestock, so where there is livestock, there could be the risk of these canines as well.

### A policy for small cats

According to Dr. Mukherjee, the study's strengths lie in its large spatial coverage and sample size, although she added that jungle cats from Sikkim had been left out and that the population figures were based on a "meagre dataset of a few radio-collared individuals in just a couple of locations".

"Yet this should not be seen as a limitation but an effort to get the best out of data currently available," she added.

Dr. Bandyopadhyay said the records from Sikkim were sporadic and insufficiently viable for the models.

Scientists still have a great number of unknowns, including jungle cats' denning sites, litter sizes, ranging patterns, densities, and diets.

Small cats are generally hard to study because they are nocturnal and secretive. Public awareness is also low, and few organisations have been willing to fund more study.

Going forward, Dr. Jhala said, there is a need to plan wildlife passageways alongside infrastructure development in agro-pastoral and open habitats. "When roads pass through a tiger or elephant corridor, there is a policy to try and mitigate those. But when they pass through agro-pastoral landscapes, we don't plan for it even though these areas support rich biodiversity," he said.

(Ananya Singh is an independent journalist. ananyaasingh.as@gmail.com)

### THE GIST

Despite being the most widespread of India's small cats, jungle cats are understudied and have received little conservation attention relative to larger carnivores

According to a new study, the estimated countrywide population of jungle cats is over 3 lakh

Jungle cats avoid dense forests and heavily-modified landscapes, preferring agro-pastoral and open habitats

### Key Findings of the Study

**Population Estimate:** India is home to an estimated 3 lakh (300,000) jungle cats, with the highest concentrations in Madhya Pradesh, Rajasthan, and Odisha.

**Habitat Preference:** Unlike large carnivores that seek dense forests, jungle cats prefer open natural ecosystems (ONEs), semi-arid regions, and agricultural fields.

**Ecological Service:** They act as natural pest controllers by keeping rodent populations in check, providing an "ecosystem service" to farmers.

**Human-Wildlife Interface:** The study used machine learning and "bycatch" data from tiger surveys (camera traps) to show that these cats tolerate moderate human presence but avoid high-density urban areas.

## Major Threats Identified

Threat	Impact on Jungle Cats
<b>Habitat Fragmentation</b>	Conversion of open lands into "built-up" areas or highways restricts movement and gene flow.
<b>Linear Infrastructure</b>	Speeding vehicles on roads passing through agro-pastoral zones lead to high roadkill rates.
<b>Stray Dogs</b>	Compete for food (kleptoparasitism) and act as a source of zoonotic diseases.
<b>Hybridization</b>	Potential genetic dilution through breeding with domestic cats (though more evidence is needed).
<b>Policy Neglect</b>	Mitigation measures (like wildlife underpasses) are usually reserved for "charismatic megafauna" (tigers/elephants) and ignored in farm landscapes.

## Related Static Concepts

### A. Wildlife (Protection) Act, 1972 (WPA)

**Schedule II:** The jungle cat is protected under Schedule II, granting it high legal protection. Hunting and trade are strictly prohibited.

Note: The 2022 Amendment to the WPA rationalized schedules, but the protection level for small cats remains significant.

### B. IUCN Red List Status

**Status:** Least Concern (LC).

### C. Open Natural Ecosystems (ONEs)

These include grasslands, scrublands, and semi-arid savannas.

**The "Wasteland" Misconception:** In India, these are often legally classified as "wastelands" in revenue records, making them easy targets for industrial diversion, despite their high biodiversity value.

### Way Forward

**Landscape-Level Planning:** Conservation must move beyond "island" protected areas (National Parks/Sanctuaries) to include "working landscapes" like farms.

**Infrastructure Mitigation:** Integrating wildlife passageways and culverts into rural road projects to prevent roadkills of small mammals.

**Land Use Policy:** Reforming land records to recognize the ecological value of "Open Natural Ecosystems" instead of labeling them as unproductive wastelands.

**Public Awareness:** Shifting the conservation narrative from "Big Cats" (Tigers/Leopards) to include the "Small Cats" that provide direct economic benefits to farmers.

### Wild Life (Protection) Act, of 1972

The Wild Life (Protection) Act, of 1972 provides a legal framework for the protection of various species of wild animals and plants, management of their habitats, regulation, and control of trade in wild animals, plants, and products made from them

The act also lists schedules of plants and animals that are afforded varying degrees of protection and monitoring by the government.

India's entry to the CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) was made easier by the Wildlife Act.

Earlier, Jammu and Kashmir was not covered by the Wildlife Protection Act of 1972. The Indian Wildlife Protection Act now applies to J&K as a result of the reorganisation act.

### Constitutional Provisions for the Wildlife Act:

The 42nd Amendment Act, 1976, Forests and Protection of Wild Animals and Birds was transferred from State to Concurrent List.

Article 51 A (g) of the Constitution states that it shall be the fundamental duty of every citizen to protect and improve the natural environment including forests and Wildlife.

Article 48 A in the Directive Principles of State policy, mandates that the State shall endeavor to protect and improve the environment and to safeguard the forests and wildlife of the country.

### Conclusion

The jungle cat serves as a "Bio-indicator" for the health of India's non-forest landscapes. Its survival depends not on cordoning off land from humans, but on a co-existence model where agricultural policies and infrastructure development account for the "secretive" biodiversity residing outside our forest fences.

### UPSC Prelims Exam Practice Question

**Ques:** Consider the following statements regarding the Wildlife (Protection) Act, 1972:

1. Species listed under Schedule II receive legal protection against hunting.
2. The Act only applies to forest areas and not to agricultural landscapes.
3. The 2022 amendment rationalised the number of schedules.

**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 Exam Practice Question

**Ques:** Discuss the ecological and economic significance of small carnivores in agro-pastoral landscapes. Why are such landscapes often neglected in conservation policy?



**Page 08 : GS II : International Relations / Prelims Exam**

The swearing-in of Balendra "Balen" Shah as the Prime Minister of Nepal marks a generational and structural shift in Himalayan politics. At 35, Shah is not only Nepal's first Madhesi Prime Minister but also the leader of a "Gen-Z" movement that displaced the traditional Brahmin-Chhetri Pahadi elite. For India, this presents both a diplomatic challenge and an opportunity to reset the "Neighbourhood First" policy.

**Key Shifts in Nepal's Domestic Politics**

**End of Traditional Dominance:** The fall of the K.P. Sharma Oli government in 2025 signaled the decline of the old guard (Congress, Communist, and Maoist parties).

**Madhesi Leadership:** Shah's ascent breaks the historical exclusion of the Madhesi community (people of the Terai plains with close ties to India) from the highest executive office.

**Non-Ideological Foreign Policy:** Unlike his predecessors, Shah does not inherit the baggage of the Panchayat movement or the anti-monarchy struggle, meaning his foreign policy toward India, China, and the U.S. is currently a "blank slate."

**Areas of Convergence and Concern**

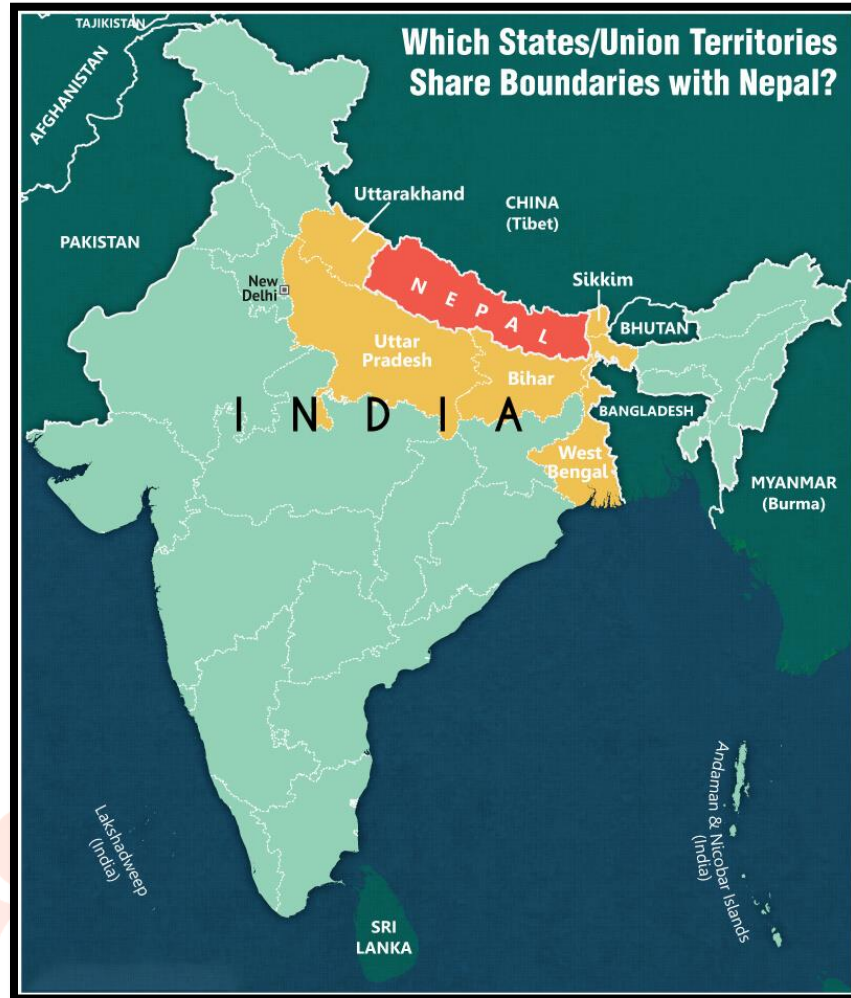
Opportunities for India	Strategic Concerns
<b>Energy Grid:</b> Nepal's reliance on India for hydropower exports remains a massive economic win-win.	<b>Hyper-Nationalism:</b> As Mayor, Shah used "Greater Nepal" maps, signaling a populist sovereign stance.
<b>Cultural Bonds:</b> Shared "Roti-Beti" (familial/marriage) ties and open borders remain the bedrock.	<b>China/US Balancing:</b> Shah is likely to pursue a pragmatic policy that seeks to reduce "hegemony" from any single power.
<b>Economic Support:</b> Nepal needs India's help with fuel, fertilizer imports, and transit for its land-locked economy.	<b>Treaty Review:</b> Persistent demands to update the 1950 Treaty of Peace and Friendship.

**Neighbours first**

India must invite Nepal's new Prime Minister, Balen Shah, to revive ties

In an exchange of early messages, Prime Minister Narendra Modi and Nepal's newly-sworn-in Prime Minister Balendra "Balen" Shah said they look forward to "working closely" to take forward bilateral ties. Delhi and Kathmandu are prepared to begin a new chapter in relations, united by familial bonds, a shared culture, open borders, and intertwined politics. Land-locked Nepal has depended on trade and transit through India, with India's plans for an energy grid in the region an important channel for Nepal's hydropower exports and revenues. Like many former leaders of Nepal, Mr. Shah studied in India. Familiarity aside, it would be a mistake to assume that his ascension will chart a well-worn and predictable course between the two countries. At 35, he is Nepal's first Madhesi leader, and upturns the old dominance of the Brahmin-Chhetri Pahadi elite. New Delhi must have a greater understanding of the priorities of this new Gen-Z movement that brought down the K.P. Sharma Oli government in 2025. This is a new leadership that has not inherited the old foreign policy understandings of the past generations of leaders that came through the panchayati movement, Congress and Communist parties, or the Maoist movement that overthrew the monarchy. In that sense, the Shah government's foreign policy, including its ties with China and the U.S., as well as the overarching relationship with India, is yet to be formalised. In the past decade, India has increased its development assistance to Nepal, but it also strained its ties over the constitution, the long blockade on border trade, and territorial issues. As Mayor of Kathmandu, Mr. Shah was known for his overt nationalism, and rejection of the "hegemony" of India and other powers, while his use of a map of "Greater Nepal" had been read with some concern in New Delhi.

The Modi government should tread lightly, and positively, as the Shah government finds its feet, but offer India's full support in dealing with Nepal's immediate challenges. Among those are the impacts of the war in West Asia where Nepal will need help with fuel and fertilizer imports. Approximately 14% of Nepal's population (about 3.5 million) work abroad, and the country is dependent on remittances and tourism revenues. New Delhi could also reconsider requests from previous Nepali governments to allow overflight for new Nepali airports, reduce restrictions on purchasing Nepali power produced with third-country assistance and to update the bilateral friendship treaty. Differences delayed New Delhi's invitation in 2024 to Mr. Oli, upon his election – he eventually visited Beijing first. It is time to quickly invite Mr. Shah to visit Delhi at the earliest, and for Delhi and Kathmandu to move forward, putting "Neighbours first" in South Asia.



**Related Static Concepts**

**A. The 1950 Treaty of Peace and Friendship**

It forms the basis of the "special relationship," allowing free movement of people and goods and giving Nepalese citizens equal rights in India regarding employment and property.

**Critique:** Nepal often views it as "unequal" or a vestige of Indian hegemony.

**B. The Madhesi Issue**

The Madhesis share ethnic and linguistic ties with residents of Bihar and Uttar Pradesh.

**2015 Blockade:** Constitutional amendments in Nepal led to a Madhesi-led blockade, which severely strained ties as Kathmandu accused New Delhi of backing the protesters.

**C. Connectivity Initiatives**

**BBIN MVA:** Bangladesh, Bhutan, India, Nepal Motor Vehicles Agreement.

**Inland Waterways:** India providing Nepal access to the sea via the Ganges (NW-1).

## Recommendations for Indian Diplomacy

**Early Engagement:** Invite PM Shah to New Delhi immediately to prevent a "Beijing-first" visit, as seen with previous leaders.

**Flexibility on Connectivity:** Reconsider requests for overflight rights for new Nepali airports (Bhairahawa and Pokhara).

**Power Trade:** Ease restrictions on purchasing power from Nepali projects funded by third countries (like China), focusing on regional energy security.

**Treading Lightly:** Avoid interference in Nepal's internal political transitions while offering support for its immediate economic challenges (remittances, tourism, and inflation).

## Conclusion

India's "Neighbourhood First" policy must evolve from dealing with familiar ideological elites to engaging with a new, nationalist, and tech-savvy generation. By supporting PM Balen Shah's government in its infancy, India can ensure that the "familial bonds" between the two nations translate into a modern, stable, and mutually beneficial strategic partnership.



### UPSC Prelims PYQ : 2020

**Ques:** Consider the following statements:

1. The value of Indo-Sri Lanka trade has consistently increased in the last decade.
2. "Textile and textile articles" constitute an important item of trade between India and Bangladesh.
3. In the last five years, Nepal has been the largest trading partner of India in South Asia.

**Which of the statements given above is/are correct?**

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

**Ans: b)**

### UPSC Mains PYQ : 2013

**Ques:** How far are India's internal security challenges linked with border management, particularly in view of the long porous borders with most countries of South Asia and Myanmar? **(250 Words)**



In an era of "polycrisis" and geopolitical volatility in West Asia and Eastern Europe, India's manufacturing ecosystem faces significant vulnerabilities. Anant Goenka, President of FICCI, emphasizes that while global interdependence offers economic benefits, it also creates high-risk dependencies in energy, food, and industrial intermediates. Securing these chains is not just an economic priority but a matter of National Security.

## How to secure India's supply chains

India's manufacturing ecosystem is deeply embedded in global supply chains. From energy and fertilizers to electronics and chemicals, several sectors rely heavily on imported raw materials and intermediates. The recent geopolitical development in West Asia has shown how quickly supply disruptions can ripple through the economy, underscoring a stark reality that while global interdependence is beneficial, it also amplifies vulnerability. As the country navigates ongoing supply chain disruptions, the events have reinforced the need for building long-term resilience through reduced import dependence.

### Ensuring flow of energy

Energy is the backbone of any economy, powering manufacturing, transport, agriculture and services. India imports about 85% of its crude oil and over 50% of its gas, making it highly vulnerable to geopolitical shocks. Price spikes transmit quickly across sectors, raising input costs across manufacturing; increasing logistics expenses; and even pushing up consumer prices via diesel and fertilizer linkages. It is estimated that every \$10 per barrel hike in crude prices can cause a \$13-\$14 billion rise in the import bill, 30-40 bps rise in consumer inflation (with complete pass through), and could even lower Gross Domestic Product (GDP) growth by 0.2-0.3 percentage points. Long-term energy security is, therefore, critical and must be anchored in diversification, domestic capacity, and technological transition.

Accelerating renewable energy is central to reducing import dependence on oil. India's progress towards the target of 500 GW of non-fossil capacity by 2030 is noteworthy. However, resilience requires significant investments in RE storage to manage intermittency. The National Green Hydrogen Mission offers a pathway to decarbonise industries



**Anant Goenka**  
President of the FICCI

reliant on imported oil and gas.

Even as the country steps up renewable energy adoption, expanding domestic oil and gas exploration is necessary to ensure long-term energy resilience. Strengthening buffers by expanding strategic petroleum reserves can help the country withstand short-term supply disruptions. India has already started to diversify oil import sources, which is a positive step.

### Securing food security

Even as India has emerged as a net exporter of several agri-commodities such as cereals and marine products, some of the most critical segments of the food value chain are deeply import-dependent. India's high import dependence on edible oils, pulses and fertilizers is a key concern as any supply disruption can have direct consequences on inflation and rural livelihoods.

Pulses and oilseeds need assured procurement, price support, and region-specific crop diversification. Scaling and accelerating the existing missions on oilseeds can reduce the current import gap, where domestic output meets barely 44% of demand. The government must also work towards buffering and holding strategic reserves for edible oils and pulses to meet any contingency requirements. Fertilizer sector reforms must focus on the diversification of suppliers mix, enhancing the domestic production of phosphatic and potassic fertilizers, and the introduction of alternative bio-fertilizers that can be adopted at scale.

Supply chain risks in manufacturing (raw materials and intermediates) can also have a deep impact. India's imports account for nearly 19% of GDP. Of this, raw materials make up 34%, intermediates 31%, and capital goods 24%. Consumer goods account for just 12%. India dominates downstream manufacturing but is exposed to imports in upstream and

midstream inputs such as APIs, electronics, and industrial intermediates, amongst others.

### The need for diversification

On the raw material front, copper, lithium, cobalt and other rare earth minerals remain globally concentrated, making India vulnerable given their centrality to electronics, electric mobility, and advanced manufacturing. On intermediates, India imports nearly 65-70% of its pharmaceutical intermediates from China despite being a global leader in generic drug exports. Likewise, with respect to electronic imports, India has a high dependence on semiconductors, display units, and components from East Asia. Limited domestic capability in high-end industrial machinery constrains India's manufacturing competitiveness and reinforces reliance on external ecosystems. These are not easily substitutable inputs. When they are disrupted, production stops.

The first and most critical priority is thus deepening domestic manufacturing in intermediates. While current policy frameworks have largely incentivised final assembly, the next phase must target overall domestic ecosystems such as strengthening the manufacturing of APIs, and semiconductors. Diversification must also continue, with long-term supply agreements and strategic partnerships across regions, including in the markets of Africa and Latin America. Re-engineering of industrial processes can also help reduce import intensity. Encouraging industry to adopt direct conversion technologies, alternative materials, and input-efficient production methods will gradually lower structural vulnerability.

Supply chain resilience cannot be built through isolated interventions. It requires an integrated, forward-looking approach involving government, industry, and global partners.

Supply chain resilience cannot be built through isolated interventions. It requires an integrated, forward-looking approach

## The Three Pillars of Vulnerability

### A. Energy Security

India's Achilles' heel remains its high import dependency: **85% for crude oil** and **over 50% for natural gas**.

## Daily News Analysis

**Economic Impact:** A \$10/barrel rise in crude oil leads to a \$13–14 billion increase in the import bill and a 0.2–0.3% drop in GDP growth.

**The Solution:** Achieving the 500 GW non-fossil capacity target by 2030.

Investing in Renewable Energy (RE) storage to solve intermittency.

Scaling the National Green Hydrogen Mission to decarbonize heavy industry.

Expanding Strategic Petroleum Reserves (SPR).

### B. Food & Fertilizer Security

Despite being a net exporter of cereals, India faces structural gaps in essential commodities.

**The Gap:** Domestic output meets only 44% of edible oil demand. There is also high reliance on imported pulses and P&K (Phosphatic and Potassic) fertilizers.

**The Solution: \* Crop Diversification:** Shifting farmers toward oilseeds and pulses with assured procurement.

**Fertilizer Reforms:** Promoting bio-fertilizers and diversifying the global supplier mix for raw materials like rock phosphate.

### C. Manufacturing & Intermediates

India excels in "downstream" manufacturing (final assembly) but is weak in "upstream" and "midstream" inputs.

**The China Factor:** India imports 65–70% of Active Pharmaceutical Ingredients (APIs) from China.

**Critical Minerals:** Heavy reliance on external sources for Lithium, Cobalt, and Rare Earths, which are essential for the EV revolution and electronics.

### Strategic Framework for Resilience

Strategy	Action Point
<b>Deepening Domesticity</b>	Moving beyond assembly to manufacturing Semiconductors and APIs (e.g., via PLI Schemes).
<b>Friend-Shoring</b>	Diversifying long-term supply agreements with partners in Africa and Latin America to bypass concentrated hubs.
<b>Process Re-engineering</b>	Encouraging industries to adopt input-efficient technologies and alternative materials to reduce import intensity.

Strategy	Action Point
<b>Buffer Management</b>	Creating strategic reserves not just for oil, but for edible oils and pulses.

## Related Static Concepts

### A. Strategic Petroleum Reserves (SPR)

India currently has SPR facilities at Visakhapatnam, Mangaluru, and Padur, managed by ISPR (Indian Strategic Petroleum Reserves Limited).

These act as a cushion during global supply disruptions or wars.

### B. Production Linked Incentive (PLI) Scheme

A cornerstone of the "Atmanirbhar Bharat" initiative, designed to encourage domestic manufacturing in 14 key sectors, including electronics, pharmaceuticals, and high-efficiency solar PV modules.

### C. National Green Hydrogen Mission

**Goal:** To make India a global hub for the production, usage, and export of Green Hydrogen.

**Significance:** It aims to replace "Grey Hydrogen" (produced from fossil fuels) in refineries and fertilizer plants, thereby reducing gas imports.

### Way Forward

The transition from "efficiency-first" to "resilience-first" supply chains requires an integrated approach. The government must catalyze private investment in R&D for alternative materials, while industry must prioritize diversified sourcing over the lowest-cost sourcing. As India aims for a \$5 trillion economy, its growth cannot remain a hostage to global price shocks.

### Conclusion

Securing India's supply chains is a multi-decadal project. It requires moving from a "trading mindset" to a "producer mindset" in critical intermediates. By anchoring energy in renewables, food in diversification, and manufacturing in deep-tech ecosystems like semiconductors, India can transform its global vulnerabilities into a position of Strategic Autonomy.

### UPSC Prelims Exam Practice Question

**Ques: The Production Linked Incentive Scheme (PLI) aims to:**

- (a) Promote exports of agricultural commodities
- (b) Subsidize fossil fuel imports
- (c) Provide direct income support to farmers
- (d) Encourage domestic manufacturing in key sectors

**Ans: d)**

### UPSC Mains Exam Practice Question

**Ques:** Critically examine India's vulnerabilities in global supply chains. Suggest a comprehensive strategy to enhance resilience. (250 Words)



## A missed opportunity to guarantee minimum wages

There has been a lively debate in the last few months about the respective merits of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and Viksit Bharat - Guarantee for Rozgar and Ajevika Mission (Gramin) Act, or VB-G RAM G Act for short. Absent from this debate, however, is a critical issue that haunts both Acts: wage rates.

### A key parameter

The wage rate is a critical parameter of employment guarantee. A relatively high wage rate can create a lot of enthusiasm among workers, as it happened in the early days of MGNREGA. And, enthusiasm is important for the success of the programme. Conversely, wage suppression can easily be used to restrain the programme or even phase it out over time. Wage rates, in any case, also have a strong influence on programme costs.

The wage rates of MGNREGA workers are determined under Section 6 of the Act. This section has two parts. The first part, Section 6(1), empowers the central government to notify MGNREGA wage rates. Different rates can be notified for different "areas", and in practice, this has come to mean different States.

Section 6(2) states that until such time as the central government notifies wage rates under Section 6(1), State-specific minimum wages apply. More precisely, MGNREGA workers are entitled to the minimum wage notified by the State government for agricultural labourers.

MGNREGA came into force on February 2, 2006. Until 2009, the central government abstained from notifying wages under Section 6(1). Therefore, State-specific minimum wages applied. In many States, minimum wages for agricultural labourers were higher than market wages at that time. This is one reason why MGNREGA was so popular in those days.

In some States, there were significant increases in minimum wages between 2006 and 2009. The most notable instance was a sharp increase in the minimum wage in Uttar Pradesh in 2007-8 (when Ms. Mayawati was Chief Minister), from ₹58 to ₹100 per day. Some observers argued that State governments were indulging in unrestrained increases in minimum wages because MGNREGA wages were fully paid by the central government. Others countered that State governments had to pay the same wage on their own public works, and that this would be a restraining factor. They also argued that, except in Uttar Pradesh, there was little evidence of sharp increases in minimum wages.

The jury was still out on this when, in late 2009, the central government pressed the panic button and notified MGNREGA wage rates under Section 6(1). In the short term, this led to a further increase in wages, as the central



**Jean Drèze**

Visiting Professor  
at the Department  
of Economics,  
Ranchi University,  
Ranchi, Jharkhand

government notified ₹100 per day in most States, with a top-up in States where the minimum wage was above that norm. This was sold as a pro-worker move, in pursuance of a promise made by the Congress Party in the run-up to the 2009 general election. Over time, however, this move enabled the central government to moderate the growth of MGNREGA wages. In fact, the central government froze MGNREGA wages in real terms from then on. To this day, wages are raised State-wise every year to the extent of price increases (based on the Consumer Price Index for Agricultural Labourers), but not more.

### Real-wage freeze consequences

This real-wage freeze rapidly led to two serious issues. First, MGNREGA wages started lagging behind minimum wages in many States, as minimum wages rose in real terms but MGNREGA wages did not. By 2025-26, the MGNREGA wage rate was lower – often much lower – than the minimum wage of agricultural labourers in most States, according to a recent analysis by Laavanya Tamang. This defeats an important purpose of MGNREGA: sustaining minimum wages. It also raises the question whether it is at all legal for the government to pay MGNREGA workers less than the minimum wage (this matter was taken up in the Supreme Court of India but was not clearly settled).

The other issue is that MGNREGA wages also started lagging behind market wages. Between 2009 and 2014, real wages were rising quite rapidly in rural India, partly because MGNREGA was tightening the labour market. By 2014, the ratio of MGNREGA wage rate to agricultural wage was around 60% for men and 75% for women at the all-India level, according to Labour Bureau data. The gap maintained itself from then on, as rural wage rates stagnated in real terms.

The real gap is actually much bigger than it looks. The reason is that market wages are not only higher than MGNREGA wages but also (generally) paid on time – often the same day. MGNREGA wages, by contrast, are often paid after long and uncertain delays. The central government keeps denying this, but the evidence is clear, notably from recent studies by the LibTech group. In fact, not only are there delays, sometimes, MGNREGA wages are not paid at all, for example due to technical failures of the Aadhaar-based Payment System or National Mobile Monitoring System. The result is a tremendous "discouragement effect" – many rural workers have lost interest in MGNREGA.

The absence of any marked decline in MGNREGA employment generation levels may seem to contradict this. A recent analysis of Periodic Labour Force Survey data, however, suggests that MGNREGA employment levels are in fact much lower today than they were in the early

years of all-India implementation, contrary to official statistics. The growing gap between official statistics and actual employment seems to reflect a major increase in leakages in the same period.

The discouragement effect and the resurgence of corruption are integrally related. When workers lose interest, there is no vigilance. Worse, workers may be tempted to cooperate with corrupt elements instead of working by the rules.

### Continuing policy failure

Unfortunately, the VB-G RAM G Act is all set to perpetuate this crisis. For one thing, it does not contain any new, constructive provisions that might help to ensure the timely payment of wages or to curb corruption. For another, it continues to empower the central government to determine wage rates (under Section 10), even as the rationale for this has vanished.

Remember, the argument for an early switch from Section 6(2) to Section 6(1) under MGNREGA was that, when wages are fully paid by the central government, they should not be determined by the State government. Under the VB-G RAM G Act, however, wage costs are shared 60:40 between Centre and States. There was every reason to drop MGNREGA's Section 6(1) from the VB-G RAM G Act and revert to the principle of Section 6(2): guaranteed payment of minimum wages. Instead, the central government did the opposite: it dropped Section 6(2) and retained Section 6(1), giving itself perpetual powers to set the wage rates of VB-G RAM G workers.

There is another issue here. Section 6(1) of MGNREGA began with a non-obstante clause ("Notwithstanding anything contained in the Minimum Wages Act, 1948") that acted as a kind of legal fig leaf for overriding minimum wages. Oddly, there is no equivalent of this clause in the VB-G RAM G Act. But then, how can the central government justify paying anything less than minimum wages?

A way forward would be for the central government to notify wage rates equal to or higher than minimum wages in all States (under MGNREGA or the VB-G RAM G Act, as the case may be). This would feed many birds with one crumb. It would put wage payments on a sound legal footing. It would lead to a much-needed increase in real wages. And, it would also produce a simple rule for updating wage rates over time.

More likely, the central government will prolong the real-wage freeze and use it as a means of ensuring that employment generation under the VB-G RAM G Act declines over time. If so, the wage freeze should be challenged in court. Indeed, with the non-obstante clause removed, the payment of anything less than minimum wages is patently illegal.

The VB-G  
RAM G Act is a  
missed  
opportunity to  
correct serious  
anomalies in  
the  
determination  
of wage rates  
for MGNREGA  
workers

## GS Paper III: Indian Economy

**UPSC Mains Exam Practice Question:** Examine the economic and social implications of stagnation in rural wages under employment guarantee programmes. (150 Words)

## Context :

While the debate between the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and the Viksit Bharat – Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G RAM G) Act has focused on administrative changes, the "silent crisis" is the stagnation of wage rates. Despite the new 2025 legislation, the central government has retained powers that allow it to decouple rural relief wages from the legally mandated Minimum Wages of states.

## The Evolution of Wage Determination

Period	Legal Basis	Mechanism	Impact
2006–2009	Section 6(2) of MGNREGA	States' Minimum Wages for agricultural laborers applied.	High popularity; wages in states like UP jumped (₹58 to ₹100).
2009–Present	Section 6(1) of MGNREGA	Centre "notifies" specific wages, overriding state minimums.	Real wages frozen; adjusted only for inflation (CPI-AL).
2025 onwards	Section 10 of VB-G RAM G	Centre retains sole power to set wages.	Potential for continued real-wage decline and "discouragement effect."

## What are the Key Provisions of the Viksit Bharat- Guarantee for Rozgar and Ajeevika Mission (Gramin) Bill, 2025?

**Statutory Wage Employment Guarantee:** Provides a legal guarantee of 125 days of wage employment per rural household per financial year to adult members willing to undertake unskilled manual work.

**Conditional and Non-Universal Coverage:** Unlike MGNREGA's universal coverage, employment under the Bill will be available only in rural areas notified by the Union Government, making the guarantee conditional rather than nationwide.

**Bottom-Up Planning through VGPPs:** Mandates preparation of Viksit Gram Panchayat Plans (VGPPs) using spatial technology, aggregated at Block, District, and State levels, and integrated with PM Gati Shakti for coordinated infrastructure planning.

**Centrally Sponsored Scheme (CSS) Structure:** Significantly increases the financial burden on States by revising the cost-sharing pattern to 60:40 for most States (from the earlier 10% share under MGNREGA), while retaining 90:10 only for North-Eastern and Himalayan States/UTs.

State-wise allocations will be determined annually by the Union Government based on objective parameters, curtailing flexibility to expand spending in response to distress or rising demand.

**Flexibility during Agricultural Seasons:** The Bill empowers States to pause the programme for up to 60 days in a financial year during peak sowing and harvesting seasons, ensuring the availability of farm labour for agricultural activities.

**Unemployment Allowance Provision:** Mandates payment of unemployment allowance by State Governments if employment is not provided within 15 days of demand.

## Critical Issues Identified

**The Real-Wage Freeze:** Since 2009, the Centre has capped wage increases to match inflation only. Consequently, MGNREGA wages are now significantly lower than the Minimum Wages notified by most State governments.

**The "Discouragement Effect":** When market wages (paid promptly) are higher than MGNREGA wages (paid with delays), workers lose interest. This lack of worker vigilance often leads to increased corruption and leakages in the scheme.

**The Payment Lag:** Market wages are often paid daily. MGNREGA payments face technical hurdles like the Aadhaar-based Payment System (ABPS) and the National Mobile Monitoring System (NMMS), leading to uncertain delays.

**Legal Discrepancy:** The new VB-G RAM G Act lacks the "non-obstante" clause (a legal provision that allows a law to override others) that previously allowed the Centre to bypass the Minimum Wages Act, 1948. This makes paying less than minimum wage potentially illegal.

## Related Static Concepts

### A. Minimum Wages Act, 1948

It empowers the Central and State governments to fix minimum rates of wages in certain "scheduled employments."

Agricultural labor is a primary scheduled employment where states have the authority to set floors based on local socio-economic conditions.

### B. Consumer Price Index for Agricultural Labourers (CPI-AL)

Compiled by the Labour Bureau, this index is used to calculate the dearness allowance and revise minimum wages for agricultural sectors. It reflects the change in the cost of a basket of goods consumed by rural labor households.

### C. Federalism and Cost Sharing

Under MGNREGA, the Centre paid 100% of unskilled wages.

Under the VB-G RAM G Act, the wage cost is shared 60:40 between the Centre and States. This shift weakens the Centre's argument for having exclusive control over wage setting.

## The Way Forward: Recommendations

**Link to Minimum Wages:** The Centre should notify wage rates that are at least equal to the State-notified Minimum Wages to ensure legal and social parity.

**Automated Indexing:** Establish a transparent, simple rule for updating wages annually that accounts for both inflation and productivity gains.

**Addressing Payment Delays:** Simplify digital attendance and payment systems (NMMS/ABPS) to ensure that "guaranteed employment" also means "guaranteed timely payment."

**Judicial Review:** If the wage freeze continues, the absence of the "non-obstante" clause in the new Act provides a strong ground for constitutional challenges regarding the Right to Life (Article 21) and fair remuneration.

## What Measures Can Be Adopted to Further Strengthen VB-G RAM G?

**Hybrid Rights-Planning Model:** Introduce a hybrid model where a minimum number of workdays remain demand-driven for vulnerable households, while additional employment is planned and supply-based.

**Transparent and Inclusive Area Notification:** Notify rural areas using transparent, data-driven criteria such as poverty pockets, climate vulnerability, and migration trends.

Allow States limited discretionary expansion during localised distress, natural disasters, or agrarian downturns. Periodically review notified areas to avoid permanent exclusion.

## Daily News Analysis

**Safeguards Against Tech Exclusion:** Make technology assistive, not exclusionary, with offline alternatives and human oversight. Treat technical failures as administrative lapses, not worker defaults.

**Outcome-Based Monitoring:** Prioritise climate-resilient and income-generating assets under VGPPs rather than only infrastructure works.

Track outcomes like income stability, asset durability, and skill transition, not just expenditure efficiency.

**Crisis-Responsive Flexibility:** Build automatic triggers for temporary expansion of workdays and budgets during economic or climate shocks. Preserve the scheme's role as a rural stabiliser in extraordinary situations.

### Conclusion

The transition to the VB-G RAM G Act was an opportunity to fix the historical suppression of rural wages. By retaining centralized control over wage notification, the government risks turning a "demand-driven" right into a "budget-constrained" charity. For the "Viksit Bharat" vision to be inclusive, rural labor must be compensated at rates that sustain dignity and compete with local market realities.

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