

The Hindu Important News Articles For UPSC CSE

Wednesday : 08 July, 2026

Edition : International Table of Contents

Page 06 Syllabus: GS II : Social Justice / Preliminary Examination	School dropout rate falls across key stages: report
Page 08 Syllabus : GS III : Indian Economy / Preliminary Examination	Grand ambitions : India's cooperative sector can serve as a worker-centric model of development
Page 09 Syllabus: GS I & II : Social Issues and Justice / Preliminary Examination	Linking women's incomes and healthcare
Page 09 Syllabus: GS III : Indian Economy / Preliminary Examination	India's EV transition cannot afford to ignore retrofitment
Page 10 Syllabus: GS II : Social Justice / Preliminary Examination	On the method for caste enumeration
Page 08: Editorial Analysis Syllabus : GS III : Indian Economy	India's economic prospects after the West Asian crisis

Page 06: GS II : Social Justice / Preliminary Examination

The Central Ministry of Education has released the comprehensive report of the 'Unified District Information System for Education Plus' (UDISE+) for the academic year 2025-26. This report presents crucial data related to the current status of the Indian school education system, infrastructural improvements, gender parity, and student retention.

UDISE+ is one of the largest Management Information Systems on school education in the world. The recent report (2025-26) indicates that the Indian school education system is becoming more inclusive, accessible, and quality-oriented. Key findings of this year's report include a decline in dropout rates, a rising number of female teachers, better access to internet and computers, and the strengthening of physical infrastructure. This progress is a positive step toward achieving the goals of the 'National Education Policy (NEP) 2020'.

Key Findings & Data

Decline in Dropout Rate:

- **Primary/Preparatory Level (Classes 3 to 5):** The dropout rate has decreased to 1.8% from 2.3% in the previous year.
- **Secondary Level (Classes 9 to 12):** The most significant improvement is observed here, where the dropout rate has come down to 7.0% from 8.2%. This shows that schools are becoming more sensitive to the needs of students.

Increase in Student Retention & GER:

- **Middle Level (Classes 6 to 8):** The student retention rate has increased to 83.7% from 82.8% in the previous year.
- **Secondary Level (Classes 9-12):** A massive jump has been recorded in the retention rate here, which has increased from 47.2% to 51.9%.

- **Gross Enrolment Ratio (GER):** The GER at the secondary level has increased to 71.7% from 68.5% last year.
- **Transition Rate:** The rate of students transitioning from middle school to secondary school has increased from 86.6% to 88.3%, reflecting a strong trend of continuing education.

Teachers & Gender Balance:

School dropout rate falls across key stages: report

More schools get Internet; learner progression across stages grows stronger; teacher strength up by 8.3% compared with 2022-23; 55% women teachers bring 'gender balance' in sector, says govt.

The Hindu Bureau
NEW DELHI

The Union Education Ministry on Tuesday released the comprehensive report on the Unified District Information System for Education Plus (UDISE+) for the academic year 2025-26, which reflected a downward trend in dropouts.

The preparatory level (Classes 3 to 5) dropout rate fell from 2.3% (2024-25) to 1.8% this year. More notably, secondary level (Classes 9 to 12) dropouts dipped from 8.2% to 7.0%. Dropout rate tracks the rate at which students quit school. "The consistent decrease across all levels suggests that schools are becoming more supportive and responsive to students' needs," the Ministry said.

Women now form the majority of the nation's teaching force, accounting for 54.9% of total teachers, up from 54.2% in 2024-25. The government said this "marks a positive shift towards gender balance in the education sector".

Enrolment of girls



Enrolment of girls across the country grew marginally to 48.4% from 48.3% last year. S. S. KUMAR

The Gross Enrolment Level Ratio at the secondary level surged to 71.7% from last year's 68.5%

across the country has seen a marginal increase to 48.4%, from 48.3% last year.

Student retention at the middle level (Classes 6 to 8) climbed to 83.7% (from 82.8%), while secondary level retention increased to 51.9%, up from 47.2% last year. Student retention is an educational metric that measures the percentage of students who continue

their education at the same school or within the school system from one academic year to the next.

The Gross Enrolment Level Ratio (GER) at the secondary level surged to 71.7% from last year's 68.5%. GER is a statistical measure used in education to determine the percentage of students enrolled in a specific level of education (such as primary, middle, or secondary school), regardless of their age, relative to the total population of official school-age children for that same level.

Learner progression across transitional stages

grew stronger, the report noted. Notably, the transition from middle to secondary school jumped from 86.6% to 88.3%.

Also, the total number of teachers in India has risen by 8.3% compared with 2022-23. Additionally, the Ministry's strategic rationalisation of teacher placement has resulted in a 3% reduction in single-teacher schools and a 29% drop in schools reporting zero enrolment, the Ministry said.

One of the most notable improvements is the increase in the number of schools with computer access, increasing from 64.7% in 2024-25 to 69.9% in 2025-26. Access to Internet facilities in schools has seen a considerable increase in the academic year 2025-26. The percentage of schools with internet connectivity increased from 63.5% in 2024-25 to 67.4% in 2025-26.

The report said that 95% of schools are powered with electricity, 98.5% have girls' toilets, and 97.2% have boys' toilets - ensuring dignity and hygiene for all students.

Daily News Analysis

- **Majority of Female Teachers:** The share of women in the country's total teaching workforce has now reached 54.9% (which was 54.2% in the previous year). The government considers this a major shift toward 'gender balance' in the education sector.
- **Total Number of Teachers:** A growth of 8.3% has been recorded in the total number of teachers in the country compared to the year 2022-23.
- **Rationalisation:** Due to the strategic efforts of the government, single-teacher schools have reduced by 3%, and schools with 'zero enrolment' have seen a massive decline of 29%.

Girls' Enrolment:

- Girls' enrolment in school education across the country has seen a marginal improvement, rising to 48.4% from 48.3% last year.

Digital & Physical Infrastructure:

- **Computer Access:** The number of schools with computer facilities has increased from 64.7% to 69.9%.
- **Internet Connectivity:** Schools with internet facilities have increased from 63.5% to 67.4%.
- **Basic Amenities:** Electricity supply has been ensured in 95% of the schools in the country. Furthermore, to maintain dignity and hygiene, toilet facilities are available for girls in 98.5% of schools and for boys in 97.2% of schools.

Policy Implications for UPSC

- **Development of Human Capital:** The decrease in the dropout rate and the increase in the retention rate at the secondary level indicate that India is successfully skilling its youth to leverage its Demographic Dividend.
- **Reduction in Digital Divide:** The increase in the reach of computers and internet reflects the success of the 'Digital India' campaign and the commitment to promoting modern education (E-Learning) in government schools.
- **Women Empowerment:** The 55% share of women in the teaching workforce not only reflects the economic empowerment of women but also creates a safer and more comfortable environment for female students at the primary and secondary levels.
- **Administrative Efficiency:** The reduction in single-teacher and zero-enrolment schools proves that the administration of the education department and resource allocation have become more accurate and effective than before.

Challenges that still remain

- **Low Retention Rate at Secondary Level:** Although the retention rate at the secondary level has increased to 51.9%, it directly implies that nearly 48% of students are still unable to complete their higher-secondary education.
- **Digital Gap:** More than 30% of schools still lack computer and internet facilities, a gap that completely needs to be bridged.

Daily News Analysis

- **Quality vs. Quantity:** While enrolment and infrastructure figures have improved, reports like 'ASER' often raise questions about the learning levels (Learning Outcomes) of students. Merely improving infrastructure is not enough; focus must also be placed on the quality of education.

Conclusion

The UDISE+ 2025-26 report clearly shows that India has succeeded in strengthening its school education system at the grassroots level. The improvement in infrastructure and the reduction in the number of school dropouts bear testimony to the fact that government policies (such as Samagra Shiksha Abhiyan, PM SHRI Yojana) are working in the right direction. However, to fully achieve the goal of 'inclusive and equitable quality education' (SDG-4) in line with global standards, the government must now pay special attention to improving 'learning outcomes' (quality of learning) alongside infrastructure, and ensuring 100% retention at the secondary level.

UPSC Prelims Exam Study Questions

Question: In the context of the Sustainable Development Goals (SDGs), what does SDG-4 relate to?

- (a) Gender equality
- (b) Quality education
- (c) Poverty eradication
- (d) Reduction of inequalities

Ans: b)

UPSC Mains Practice Questions

Question: "UDISE+ has emerged as a significant evidence-based policy tool in achieving the goals of the National Education Policy (NEP) 2020." Discuss. (10 Marks, 150 Words)

Page 08:GS III : Indian Economy/ Preliminary Examination

In the current global economy, 'hyper-competitive' and 'hyper-capitalism' business models are dominant. Although these models drive economic growth, they have severe social, environmental, and political consequences (such as inequality and exploitation). In such times, the Cooperative Model emerges as a robust and 'worker-centric' alternative. The formation of the Ministry of Cooperation by the Government of India is a bold experiment to integrate this alternative into the mainstream economy.

The Changing Landscape & Potential of the Cooperative Sector

- **Expansion from Agriculture to Services:** Traditionally, cooperative societies were limited only to agriculture, dairy, and credit. However, the need of the hour is to expand them into other sectors such as the service sector and manufacturing.
- **Policy Coherence:** The primary objective of the Ministry of Cooperation is to establish a strong policy synergy among agriculture, dairy, fisheries, banking, housing, consumer cooperatives, and exports.
- **Revamp of PACS:** Primary Agricultural Credit Societies (PACS) are the foundation of the rural cooperative system. Through a new and improved legal framework, PACS have now been authorized to conduct more than 25 business activities. Because of this, they are transforming into multi-dimensional economic service provider institutions in rural India.
- **Global Market Access:** The government has promoted new Multi-State Cooperative Societies at the national level, so that small producers can be directly linked to global markets and value chains.

Significance of the Model

- **Inclusive Development:** Cooperative societies, by nature, operate on a small scale. This model empowers those economically who cannot survive against big capitalists (hyper-scalers). This is an economic, social, and political imperative.
- **Countering the Ill Effects of Capitalism:** Look at the shortcomings of capitalism globally (such as environmental degradation and the widening gap between the rich and the poor), leaders worldwide are viewing the cooperative model as a sustainable and equitable alternative.
- **Emphasis on Production & Marketing:** Instead of just providing credit or seeds and fertilizers, cooperative societies are now being encouraged to manufacture products (Production) and sell them in the market themselves (Marketing), thereby mitigating the rural crisis.

Key Challenges

Grand ambitions

India's cooperative sector can serve as a worker-centric model of development

Hypercompetitive business models that dominate the economic lives of people have undesirable social consequences. The cooperative model offers an alternative, albeit with its own imperfections. India's Ministry of Cooperation, which completed five years on July 6, is a bold experiment in harnessing the potential of this approach. Traditionally confined largely to agriculture, cooperatives now have the opportunity and a requirement to expand into other sectors, particularly services. Cooperatives, by their very character, are relatively small-scale and fragmented; organising them, and connecting them to the broader economy that disproportionately rewards hyper-scalers is a balancing intervention – an economic, political and social imperative. The Ministry aims to transform the cooperative landscape by bringing policy coherence across agriculture, dairy, fisheries, banking, housing, consumer cooperatives, and exports. This requires collaboration with States and national federations, capacity building, wise use of digital technology, and market linkages. Primary Agricultural Credit Societies (PACS) are the foundation of rural cooperatives. Through a reformed legal framework, they have been empowered to undertake over 25 business activities, transforming them into multifaceted institutions delivering many economic services in rural India.

The Ministry has facilitated new national-level multi-State cooperative societies, expanding market access for members and strengthening cooperative value chains from production to global markets. Cooperative enterprises are being encouraged to grow and compete, and a National Cooperation Policy is in the making. But there are challenges amid the opportunities. Corruption and inefficiency eroded the potential of India's cooperative sector, and the fear of local communities and States losing control of cooperatives to a national-level mechanism needs to be assuaged. The task is in finding the sweet spot of consolidation and decentralisation; localisation and nationalisation; technology and human labour, for boosting the sector. Union Home Minister Amit Shah, who holds the portfolio, is pushing the cooperative sector to expand into production and marketing, beyond agricultural credit and input facilitation, which could help mitigate the sector's endemic crisis. A well-coordinated, yet federated, cooperative sector can offset the social, environmental and political costs of global capitalism, which is the default model of the economy. Government and business leaders worldwide are viewing cooperatives with renewed interest, as the pitfalls of hypercapitalism become pronounced. India can develop its cooperative sector as a global model.

Daily News Analysis

- **Corruption & Inefficiency:** Historically, the image of India's cooperative sector has been adversely affected due to local politics, nepotism, and financial irregularities.
- **Fear of Over-centralization:** There is a fear among states and local communities that with the arrival of a central ministry (national apparatus), their local control over cooperative societies might be lost. Since cooperative societies are a subject of the State List of the Constitution, maintaining the autonomy of the states is a major challenge.
- **Scale vs. Fragmentation:** Cooperative societies are fragmented and small. In the era of big tech companies and global giants, integrating them with digital technology and keeping them competitive is not easy.

Way Forward - 'The Sweet Spot'

According to the editorial, India will have to find a balance (Sweet Spot) on some key fronts to propel this sector forward:

- **Balancing Decentralization and Consolidation:** While policy synergy (Consolidation) at the national level is essential on one hand, local control and decentralization must be maintained at the grassroots level on the other.
- **Coordination of Technology and Human Labour:** Cooperative societies must utilize modern digital technology and data, but while ensuring that it does not lead to job losses (Human Labour), but rather enhances the capacity of workers.
- **National Cooperation Policy:** The new policy currently being formulated must focus on better coordination among states, national federations, and local stakeholders, capacity building, and robust market linkages.

Conclusion

The cooperative model is not entirely flawless, but it is the most effective tool in the present times to mitigate the social and economic damages of 'hyper-capitalism'. If India can eliminate corruption and establish a strong federated synergy with the states, it can position its cooperative sector as a successful and worker-centric global model. This will be a major step toward realizing the dream of 'Sahkar se Samriddhi' (Prosperity through Cooperation).

UPSC Prelims Practice Questions

Question: Which of the following is a key principle of the cooperative model?

- (a) Profit maximization
- (b) Democratic member control
- (c) Private ownership
- (d) Priority to foreign investment

Ans: b)

UPSC Mains Practice Questions

Question: Analyze the objectives behind the establishment of the Ministry of Cooperation in India and the challenges facing the cooperative sector. **(10 Marks, 150 Words)**

Page 09 : GS I & II: Social Issues and Justice/ Preliminary Examination

India is currently passing through a unique phase where two parallel revolutions are taking place:

1. **Economic Revolution:** Due to digitization, financial inclusion, and government efforts, there is a rapid increase in Female Labour Force Participation.
2. **Epidemiological Revolution:** India is now dealing not just with infectious diseases, but with lifestyle-related diseases (diabetes, hypertension, heart disease, obesity, and mental health).

Usually, policymakers consider these two as separate subjects, but recent research (Oxford Open Economics Journal) proves that women's economic self-reliance can directly improve the country's public health.

Main Findings of the Research: Beyond Hospitals

India traditionally measures progress in the health sector through the lens of new hospitals, more doctors, insurance coverage (like Ayushman Bharat), and increasing healthcare expenditure. But this article presents a different perspective:

- **Natural Experiment of EPF Reform 2018:** In the year 2018, the government reduced the Provident Fund (PF) contribution for newly employed women in the formal sector from 12% to 8% for the first three years. This increased their take-home salary without making any changes to their gross salary.
- **11.6% Reduction in Healthcare Expenditure:** Data analysis revealed that female-headed households that benefited from this additional income saw a decline of about 11.6% in their total healthcare expenditure. Expenses on medicines and doctors' fees decreased.
- **Shift in Priorities:** This reduction was not due to the neglect of health, but rather women used this additional income to spend on better nutrition, physical fitness, and preventive healthcare.

Linking women's incomes and healthcare



Chirantan Chatterjee
Professor of Development Economics, Innovation and Global Health at U-Sussex

India is experiencing two revolutions at once. The first is economic. Female labour force participation has risen sharply over the past few years, supported by greater formalisation, digital payments, and government efforts to increase women's participation in the workforce.

The second is epidemiological. India is no longer fighting only infectious diseases. Diabetes, hypertension, cardiovascular disease, obesity and mental health disorders are now becoming defining public health challenges. These chronic conditions already account for most deaths in the country and place increasing pressure on both households and public finances.

Most policy discussions assume that these two are unrelated. However, new research, forthcoming in the *Oxford Open Economics* journal, suggests that they may be deeply connected.

Looking beyond hospitals

India has traditionally measured progress in healthcare through familiar indicators such as more hospitals, more doctors, more insurance coverage, and higher healthcare expenditure. These investments remain indispensable; schemes such as the Ayushman Bharat have expanded financial protection for millions of households, while improvements in primary healthcare infrastructure continue to save lives. But healthcare expenditure is only one way of producing health. Many of the biggest determinants of health lie outside hospitals – better nutrition, healthier lifestyles, timely preventive care, education, sanitation, and informed household decision-making. If households began investing more in these activities, healthcare expenditure may fall, not because health deteriorates, but because health improves.

In the forthcoming research, a natural experiment created by India's 2018 reform of the Employees' Provident Fund was examined. The reform reduced the mandatory provident fund contributions for newly employed women in the formal sector from 12% to 8% during their first three years of employment. In effect, women experienced an unexpected increase in take-home salary without any change in their gross wages. This created an unusually clean opportunity to study how women allocate additional income.

Using nationally representative household panel data, it was observed that female-led households that benefited from the policy reduced overall healthcare expenditure by roughly 11.6%. Spending on medicines and doctors' consultations declined, while expenditure on activities associated with improving health (including nutrition and physical fitness) increased.

The research also analysed electronic medical records from one of India's largest eye hospital systems. Even after accounting for women who were already accessing healthcare, expenditure remained lower among women receiving the income shock.

This does not imply that women value healthcare less. Instead, it suggests that women may be using their additional income to reorganise household priorities in ways that reduce future dependence on healthcare.

Economists have long recognised that it matters who brings in the income. Research by Esther Duflo and Abhijit Banerjee has repeatedly shown that directing resources towards women changes household spending patterns. Transfers to women often generate greater investments in education, nutrition, and children's wellbeing. Banerjee and Niehaus have similarly shown that the identity of the income recipient influences how households allocate resources.

The new findings extend this insight into healthcare. Women appear to think about health over a longer horizon. Rather than waiting until illness occurs, they seem more likely to invest in reducing health risks before they become expensive medical problems. That behavioural shift has important implications for a country where out-of-pocket expenditure still accounts for a substantial share of total healthcare financing.

Why this matters for India

India's demographic dividend depends not only on creating jobs for women but also on ensuring that greater economic participation translates into healthier families. If increasing women's incomes changes household investments in nutrition, preventive care and healthier lifestyles, then employment policy becomes health policy. Policies that improve women's economic agency may generate benefits that extend well beyond labour markets. They may also reduce pressure on India's already stretched healthcare system.

For decades, economists have debated whether healthcare is a necessity or a luxury. Perhaps, a more relevant question is whether households are investing in creating health rather than merely purchasing healthcare. That separation matters because healthcare expenditure is an imperfect measure of health. Lower spending on medicines or consultations is not automatically a sign of neglect. Sometimes it reflects fewer illnesses requiring treatment. Other times it reflects better prevention.

India's development strategy emphasises preventive healthcare and healthier lifestyles. This new evidence suggests another ingredient belongs in that conversation: the economic empowerment of women. When women earn more, they may not simply spend more; they spend differently. And those different decisions could quietly become one of India's most important investments in public health.

Women may be using their additional income to reorganise household priorities in ways that reduce future dependence on healthcare

Behavioral Shift and Long-term Horizon

Research by Nobel laureate economists Esther Duflo and Abhijit Banerjee also confirms that when resources or income come directly into the hands of women, the spending pattern of the family changes:

Daily News Analysis

- **Long-term Horizon:** Instead of curing the disease (Healthcare), women focus on preventing the disease or creating health (Creating Health).
- **Preventive Investment:** Instead of waiting for expensive treatment of diseases, they invest in factors like nutritious food, education, and sanitation which reduce future health risks.
- **Reduction in Out-of-pocket Expenditure:** Even today in India, a major portion of health expenditure has to be paid by people out of their own pockets (Out-of-pocket), which pushes many families below the poverty line. Women's income is capable of reducing this burden.

Policy Implications for India

- **Employment Policy is Health Policy:** If an increase in women's income leads to improvements in nutrition and preventive care in families, then policies promoting female employment automatically become a part of the country's health policies.
- **Reduction in Pressure on the Health System:** Lifestyle-related diseases (chronic diseases) put heavy pressure on public finance and hospitals. If preventive health improves at the household level, the pressure on the country's basic health infrastructure will decrease.
- **Demographic Dividend:** India's economic future depends on how healthy its workforce population is. Women's economic empowerment lays the foundation for healthy families.

Challenges

- **Benefits Limited to the Formal Sector:** Benefits of reforms like EPF reach only the women in the formal sector, while a huge portion of the female workforce in India is employed in the informal/gig sector.
- **Issue of Financial Control:** Even today in many Indian families, women do not have control over their own income, due to which this positive change in spending patterns is not visible on the ground.
- **Lack of Awareness:** The understanding of nutrition and preventive health in rural and backward areas still needs to be strengthened through extensive education campaigns.

Conclusion

This new evidence presents a new perspective for India's development strategy. Health does not improve merely by building hospitals or increasing the medical budget, but it improves by improving the primary determinants of health (nutrition, lifestyle). When women earn more, they do not just spend more, but they spend differently and wisely. Therefore, women's economic empowerment is not just a social or economic goal, but it can prove to be the most important and silent investment made in India's public health.

Daily News Analysis

UPSC Prelims Exam Study Questions

Question: Which of the following are potential outcomes of an increase in female labour force participation?

1. Increase in family income
2. Increased investment in human capital
3. Higher expenditure on nutrition and education
4. Inclusive economic growth

Select the correct answer—

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

Ans: a)

UPSC Mains Exam Study Questions

Question: "Women's economic empowerment is not merely a matter of gender equality but also an effective means of improving public health." Discuss. **(10 Marks, 150 Words)**



Page 09 : GS III : Indian Economy/ Preliminary Examination

Recent geopolitical conflicts in West Asia have once again exposed the structural vulnerability of global energy dependence. India imports more than 85% of its crude oil requirements, making global crises directly impact India's economic stability. Although the Government of India has made numerous efforts to decarbonise the transport sector—resulting in the share of electric vehicles (EVs) reaching 8.5% of total new vehicle sales in the financial year 2025-26—this shift is limited only to new vehicles. More than 30 crore old Internal Combustion Engine (ICE) vehicles currently running on Indian roads are still completely dependent on imported fuel today. This is where 'Vehicle Retrofitting' emerges as a game-changer.

What is Retrofitting?

Retrofitting is a technical process under which the engine, exhaust system, and other associated components of an old conventional petrol or diesel vehicle (ICE) are removed, and an electric battery pack, motor, and control system are installed in it. In simple words, it is the process of completely converting an old vehicle into an electric vehicle (EV) without scrapping it.

Significance for India

• **Cultural and Economic Alignment:**

India's culture traditionally prioritizes repair, reuse, refurbishment, and the life extension of assets. The Indian middle class does not consider a vehicle in working condition as junk (scrap) merely because it is 'old'. Retrofitting is perfectly suited to this Indian ethos.

- **Democratisation of EV Transition:** Buying a new electric vehicle is quite expensive for the average middle class or low-income families. Retrofitting is significantly cheaper not only compared to a new EV but also compared to a new conventional (ICE) vehicle. It opens the doors of electric mobility even for those consumers who are out of the new EV market due to financial reasons.
- **Resource Saving and Circular Economy:** When working vehicles in good condition are thrown into scrap merely due to policy regulations, it leads to a huge amount of waste and wastage of resources. Retrofitting reduces the pressure of waste by extending the life of existing assets and supports a circular mobility economy.

India's EV transition cannot afford to ignore retrofitting

The country needs a comprehensive retrofitting framework which can democratise EV transition and support a circular mobility economy

DATA POINT

Jaldeep Saraswat
Ashish Dokania

The conflict in West Asia has once again reminded the world of an uncomfortable truth—severe energy dependency is a structural vulnerability, not a temporary inconvenience. For emerging economies such as India, which imports more than 85% of its crude oil requirements, such events can quickly test energy security and economic resilience.

Over the past decade, the government has placed enormous emphasis on transport-sector decarbonisation, with multiple schemes rolled out to support Electric Vehicles (EVs) and create long-term demand.

These efforts are beginning to show results, with EVs now accounting for 8.5% of total new vehicle sales in India in FY25-26 (Chart 1). However, the transition is happening in new vehicle sales, while the existing pool of over 30 crore Internal Combustion Engine (ICE) vehicles on Indian roads continue to run entirely on imported petroleum (Chart 2 and 3).

That is where vehicle retrofitting enters the picture. It is the process of replacing a vehicle's engine, exhaust system, and related components with an electric battery pack, motor, and control systems to convert it into an EV.

The case for retrofitting is strongest when viewed through India's own cultural and economic lens. India has always valued repair, reuse, refurbishment, and life extension. Even when it comes to household appliances and electronics, the instinct has traditionally been to maximise utility before replacement. Retrofitting fits naturally within that ethos.

The logic is simple. Instead of forcing millions of functioning petrol two-wheelers into premature retirement, existing vehicles can be converted into EVs through cer-

tified retrofit kits. The chassis remains. The identity remains. The emotional connection remains. Only the powertrain changes.

Many middle-class households do not see a vehicle that still works as scrap merely because policy language categorises it as "old". In many cases, the structure is sound, the frame is usable, and the vehicle still has years of service left. What becomes burdensome is the rising fuel cost, maintenance pressure, and declining reliability of an ageing engine. Retrofitting addresses this gap.

It is cheaper, not just compared to buying a new EV, but also compared to purchasing a new ICE vehicle. More importantly, it democratises the EV transition for consumers who may otherwise remain excluded from India's new-age electric market. So, retrofitting is more than a technical or economic solution. It is a social intervention. The environmental case is just as compelling. When functioning vehicles are discarded, the result is not merely lost utility, but also avoidable waste, disposal pressure, and resource intensity. Retrofitting extends the life of existing assets, reduces unnecessary scrapping, and supports a more circular mobility economy.

Moreover, a strong retrofit ecosystem can generate decentralised employment across technicians, service centres, electrical integration specialists, battery management services, software calibration, refurbishment supply chains, and rural mobility entrepreneurship. Unlike large centralised automotive manufacturing, retrofit ecosystems can scale through distributed employment models.

Scalable model Globally, the idea is gaining traction. Countries across Europe are examining circular mobility models as part of their broader climate goals while Nepal has moved towards permitting and supporting retrofit solutions.

Support for retrofitting can be

mainstreamed in India. The first Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) scheme included retrofitting support, but it gradually disappeared from the conversation. Even so, some States have begun to acknowledge its potential.

Madhya Pradesh has taken steps toward building a more favourable ecosystem through up-front subsidies, a one-stop portal for subsidy access, and Statewide retrofitting agency registration instead of registrations via Regional Transport Offices (RTOs).

The market itself is maturing faster than the policy framework. Initial scepticism around legality, registration, insurance, safety, and reliability was understandable when the sector was nascent. But the ecosystem has evolved. Certified retrofit companies are now working alongside testing agencies, insurers, financiers, and transport authorities. Real-world adoption numbers are rising, and after the West Asia conflict, enquiries have reportedly doubled. The market is signalling confidence.

India needs a comprehensive national retrofitting framework. First, retrofit policies must be standardised across States. Second, financing institutions can formally recognise retrofitted vehicles as financeable assets. Third, India should create robust certification and safety standards to eliminate low-quality informal conversions that can erode consumer trust. Fourth, Goods and Services Tax (GST) treatment may be rationalised so that retrofitting kits are not taxed at a disadvantage compared with EVs. Fifth, retrofitting data has to be made publicly available. Finally, the latest PM e-DRIVE scheme that extends subsidy support to zero-emission trucks may also consider retrofitting.

As the world navigates oil vulnerability, India has an opportunity to think differently and choose between treating old vehicles as scrap, or recognise them as assets capable of transformation.

Discard or reinvent?

Data for the charts were sourced from the VAHAN database



CHART 1: This chart shows the growth in the sales of EVs in the past 10 years. Trucks are not shown in the chart. A total of 843 EV trucks were registered in 2025-26, compared with just 12 in 2016-17

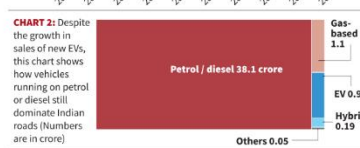
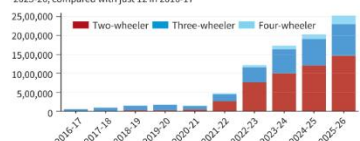


CHART 2: Despite the growth in sales of new EVs, this chart shows how vehicles running on petrol or diesel still dominate Indian roads (Numbers are in crore)

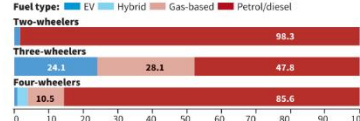


CHART 3: This shows the share of EVs in different categories of vehicles. The negligible share of vehicles running on other types of fuels like ethanol (E100) or solar is not shown in the chart (in %)

Daily News Analysis

- **Decentralised Employment Generation:** Unlike large-scale centralised automotive manufacturing, the retrofitting industry creates employment at the local level. It promotes a decentralised employment model through technicians, service centres, electrical integration experts, battery management services, and mobility entrepreneurship in rural areas.

Global and Domestic Scenario

- **Globally:** Several countries in Europe are exploring retrofitting as a circular mobility model to achieve climate goals. Meanwhile, India's neighboring country Nepal has also started legally permitting and supporting retrofitting solutions.
- **Domestically - State Efforts:** India's initial FAME scheme included support for retrofitting, which later faded away. However, states like Madhya Pradesh have recently understood its importance. Madhya Pradesh has implemented favorable policies for this sector, such as upfront subsidies, a one-stop portal for subsidies, and statewide agency registration instead of Regional Transport Offices (RTOs).

Key Challenges of the Retrofitting Sector

- **Lack of Uniformity in Policies:** Currently, there is a lack of uniformity in rules and registration processes regarding retrofitting across different states.
- **Lack of Financial Assistance:** Banking and financial institutions are still hesitant to accept retrofitted vehicles as formal financial assets and provide financing (loans) on them.
- **Safety and Quality Concerns:** Informal or low-quality conversions can hurt consumer trust and create safety risks (such as catching fire).
- **GST Anomaly:** Compared to new electric vehicles, the tax rates (GST) on retrofitting kits are not rationalized, causing them to suffer a competitive disadvantage in the market.

Way Forward / Suggestions

- **Creation of a National Retrofitting Framework:** India should formulate a comprehensive national policy to standardise retrofitting policies across all states.
- **Recognition by Financial Institutions:** Banks and NBFCs should recognize retrofitted vehicles as formal financeable assets.
- **Strict Certification and Safety Standards:** Robust safety standards should be set in cooperation with testing agencies to prevent informal conversions and boost consumer confidence.
- **Rationalisation of GST Rates:** The tax (GST) levied on retrofitting kits should be rationalized so that it does not face a disadvantage compared to new EVs.
- **Public Availability of Data:** Data related to retrofitting should be made transparent and publicly available to give more credibility to the market.

Daily News Analysis

- **Inclusion in PM E-DRIVE:** The scope of the Government of India's latest 'PM E-DRIVE' scheme, which provides subsidies to zero-emission trucks etc., should also include the retrofitting of commercial vehicles.

Conclusion

To tackle energy insecurity and vulnerability to oil imports, India needs a shift in its approach. Instead of viewing its more than 30 crore old vehicles merely as scrap, the country should recognize them as assets capable of transformation and revival. A comprehensive and robust national retrofitting policy will not only be beneficial for the environment and the economy, but it will also become an effective medium to connect India's traditional values of 'repair and reuse' with modern sustainable mobility.

UPSC Prelims Exam Study Questions

Ques: What is the primary objective of the 'Circular Economy'?

- (a) Maximum production and maximum consumption
- (b) Reuse, recycling, and extending the lifespan of resources
- (c) Increasing exports only
- (d) Increasing industrial production only

Ans: b)

UPSC Mains Exam Study Questions

Ques: Examine the need for and significance of vehicle retrofitting in the context of energy security and sustainable mobility in India. **(10 Marks, 150 Words)**



Page 10 : GS II : Social Justice / Preliminary Examination

In independent India, castes other than Scheduled Castes (SC) and Scheduled Tribes (ST) have not been enumerated; the last comprehensive caste data was collected in 1931 during British rule. The government has announced that in the second phase of the 2027 Census, the caste enumeration will be given a statutory backing. Currently (from July 6 to July 20, 2026), a "pre-test" or rehearsal is underway in 16 states and Union Territories, the results of which will determine how the caste census will be conducted in the country. This step is historic towards policy-making and targeting social justice, but several administrative and technical challenges are emerging regarding its methodology.

On the method for caste enumeration

After decades of debate, caste will be counted as part of the 2027 Census. It is significant to look at the ongoing 'pre-test' and questionnaire design, as well as past anomalies during 2011 Socio-Economic Caste Census, as Independent India prepares to enumerate caste for the first time as part of the Census exercise

EXPLAINER

Vijaita Singh

The story so far:

The rehearsal or the "pre-test" of the second phase of Census, which started in 16 States and Union Territories on July 6, 2026, has an "open column" for respondents to record their castes, several officials involved in the exercise told *The Hindu*. The pre-test is on till July 20, 2026, and the outcome will decide how Independent India enumerates caste for the first time as part of the Census. Other than the Scheduled Castes (SC) and Scheduled Tribes (ST), caste-wise population has not been enumerated in Independent India; the last time such data was collected was in 1931.

Background of caste Census

After repeatedly opposing caste enumeration, the Bharatiya Janata Party (BJP)-led National Democratic Alliance (NDA) finally announced on April 30, 2025 that caste would be counted during Population Census 2027. Before this, the Opposition parties, particularly Congress leader Rahul Gandhi, had consistently demanded that the caste of all people be counted in India.

A few alliance partners of the BJP too made the demand. Unlike the 2011 Socio-Economic Caste Census (SECC), which was done outside the purview of the Census, this time, caste will be enumerated with the second and final phase of the Census, giving it a statutory backing.

Significance of the ongoing pre-test

Though the ongoing rehearsal gives an indication of how caste is likely to be enumerated in the coming days, Census officials said the final methodology would be prepared based on the feedback received during the exercise. The pre-test exercise also allowed self-enumeration



The Opposition seeks wider consultations before the caste Census is conducted. C. VENKATACHALAPATHY

and the portal was accessible from July 1-5 only in the specific area where the rehearsal is being done.

The discourse on the methodology of caste enumeration has largely swung between either leaving an open column for caste, just as the 2011 SECC did, or preparing a list of castes for people to pick from – as the Bihar government did in its 2022-23 caste-based survey. The results of the SECC were neither released by the United Progressive Alliance (UPA) government nor by the NDA government after it came to power in 2014.

The open-column methodology had resulted in the 2011 SECC returning over 46 lakh different "caste names", largely owing to the difference in what people understand by caste. The total number of castes during the 1931 Census conducted by the British was 4,147. In 2021, the Union government informed the Supreme Court in an affidavit, "Assuming that some castes may bifurcate into sub-castes, the total number cannot be exponentially high to this extent," adding that the data cannot be relied on for reservation in education, employment or elections to

local authorities.

Anomalies reported during 2011 SECC

Officials said the SECC threw up lakhs of caste names as it was kept open-ended. Respondents were asked to name their castes. For example, people wrote Gupta, Agarwal and so on for the Baniya caste, which increased the numbers exponentially. Though the method is not final, the pre-test is providing the same open-ended column for respondents to record their castes.

According to the latest government data, there are about 2,650 Other Backward Classes (OBCs) on the Central List, 1,170 in the Scheduled Castes category, and 890 in the Scheduled Tribes (ST) list. The State governments maintain their own OBC list.

Concerns about the methodology

The Opposition parties have demanded wider consultation with all stakeholders before the caste Census is undertaken. On December 2, 2025, Mr. Gandhi asked in the Lok Sabha if the government has any proposal to publish the draft Census

questions and seek inputs from the general public or people's representatives and whether it will consider best practices such as caste surveys done in other States.

Responding to this, Minister of State for Home Nityanand Rai said, "The draft Census questionnaires are pre-tested in the field to assess their feasibility before finalisation of the same. Census has a history of more than 150 years. Learnings from previous Census are taken into consideration for conducting next Census. Before each Census, the inputs are also taken from stakeholders." Throughout 2025, the government repeatedly stated that the final caste questionnaire had not been settled. Parliament was informed in February 2026 that questions relating to caste would be notified before the commencement of the second phase of Census operations. The Union Home Ministry said representations had been received from various organisations and State governments regarding caste enumeration, and that the final questionnaire would be prepared according to established procedures.

Reason for delay in Census exercise

The Population Census exercise is done in two phases – the Housing and House Listing Operations (HLO) and Population Enumeration, spanning over 11 months. The last Census was completed in 2011. The next exercise, Population Census 2021, was initially delayed owing to the COVID pandemic that surfaced in India around March 2020, coinciding with the first phase enumeration that was to begin from April 1, 2020. While the restrictions related to the pandemic were over by 2022, government did not specify the reasons to delay the exercise till now. On June 4, 2025, the government announced that the population Census along with the enumeration of castes will be conducted in two phases by February 28, 2027. The reference date of the people's headcount will be 12 a.m., March 1, 2027.

THE GIST

▼ The BJP-led NDA government announced on April 30, 2025 that caste would be counted during Population Census 2027.

▼ The discourse on the methodology of caste enumeration has largely swung between either leaving an open column for caste, just as the 2011 SECC did, or preparing a list of castes for people to pick from – as the Bihar government did in its 2022-23 caste-based survey.

Ongoing Pre-test & Methodology

- **Open-Column Method:** During the ongoing pre-test, an 'open column' (blank box) has been provided in the questionnaire for respondents to enter their caste. This means citizens can write the name of their caste themselves according to their understanding.

Daily News Analysis

- **Self-Enumeration:** Under this exercise, citizens have also been given an opportunity to enter their details themselves through a digital portal.
- **Option vs. List:** Deliberations are currently underway on whether to leave an 'open column' in the questionnaire or provide a pre-compiled drop-down list of castes, similar to Bihar's 2022-23 caste-based survey, from which people can choose their caste.

Anomalies of the 2011 Socio-Economic and Caste Census (SECC)

In determining the methodology for 2027, it is essential to keep in mind the experiences of the 2011 SECC, the data of which was never made public due to anomalies:

- **Exponential Rise in Names:** Due to having an 'open-ended' column in the 2011 SECC, more than 46 lakh distinct caste names emerged across the country.
- **Confusion of Sub-castes and Surnames:** Instead of their primary caste, people wrote their surnames (for example, people of the Bania caste wrote Gupta, Agrawal, etc.) or the names of local sub-castes.
- **Comparison of 1931 vs. 2011:** While a total of 4,147 castes were recorded in the 1931 census, this number reached into the lakhs in 2011. The government had previously informed the Supreme Court that this data could not be made the basis for reservation or policy-making due to being highly flawed.

Administrative Challenges & Concerns

- **Complexity of Classification:** There are approximately 2,650 OBC, 1,170 SC, and 890 ST categories in the Central Government's list. Apart from this, states have their own separate OBC lists. In such a scenario, classifying lakhs of names obtained from the 'open column' into these official categories will be a massive linguistic and administrative task.
- **Lack of Wider Consultation:** Opposition parties argue that the government should conduct wider consultation with all stakeholders, civil society, and states before notifying the final questionnaire.
- **Reliability of Data:** If the methodology is not rectified even after the pre-test, the 2027 data could turn out to be flawed just like 2011, which will affect its actual utilization (reservation in employment and education).
- **Delay in Census:** After the 2021 Census was postponed due to the COVID-19 pandemic, the process is now expected to be completed by February 2027. Adding a caste column to this lengthy two-phase process further increases its complexity.

Way Forward / Policy Suggestions

- **Hybrid Approach:** Instead of leaving a completely open column, the government should adopt a hybrid model where a drop-down list of certified castes based on central and state lists is provided, leaving an 'Others' option only for exceptions.

Daily News Analysis

- **Tech Integration:** The databases of the National and State Commissions for Backward Classes should be synchronized with the digital platform of the census so that errors can be rectified in real-time.
- **Transparency and Consensus:** A consensus should be built on the draft questionnaire by incorporating suggestions from stakeholders and states so that there is no political controversy over the acceptability of the data.

Conclusion

A caste census is not merely a statistical exercise, but a robust instrument to strengthen social justice, affirmative action, and the targeted delivery of welfare schemes in India. To make the 2027 Census successful and authentic, the government must learn from the mistakes of the 2011 SECC. Preparing a scientific, flawless, and universally acceptable methodology by minutely analyzing the feedback received from the pre-test is the only practical path forward in this direction, so that the slogan of 'Sabka Saath, Sabka Vikas' can find the foundation of realistic and authentic data.

UPSC Mains Exam Study Questions

Ques: Consider the following statements regarding caste enumeration—

1. All castes have been enumerated during every census in independent India.
2. Data on Scheduled Castes (SC) and Scheduled Tribes (ST) is collected during the regular census.
3. The last complete caste enumeration in India is available from the 1931 census.

Select the correct answer—

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

Ans: b)

UPSC Mains Exam Study Questions

Ques: "A caste-based census can be a significant tool for social justice and evidence-based policymaking." In light of this statement, analyze its benefits and challenges. **(15 Marks, 250 Words)**

India's economic prospects after the West Asian crisis

The United States and Iran agreed to a 14-point preliminary Memorandum of Understanding (MoU) towards ending the West Asian crisis and reopening the Strait of Hormuz. Although there have been initial hiccups, it is expected that, with the reopening of the Strait, global crude oil supply will stabilise and prices will normalise at a lower level. Following these developments, India should adjust its strategies, keeping in mind both the 2026-27 outlook and medium-term growth prospects.

The West Asian crisis had resulted in a period of relatively higher crude prices. The monthly average price of the Indian crude oil basket was \$114.5 per bbl in April 2026. It declined to \$106.2 per bbl in May 2026 and further to \$86.3 per bbl as of June 24, 2026. For the remaining three quarters of 2026-27, crude oil prices are expected to remain below this level, provided the truce continues.

2026-27 growth prospects

The National Statistical Office's provisional estimates of GDP growth of 7.7% for 2025-26 confirm India's strong post-COVID-19 pandemic recovery. This was preceded by real GDP growth rates of 7.2% and 7.1%, respectively, in 2023-24 and 2024-25 as per the new GDP series. Real Gross Value Added (GVA) growth was even more impressive at 7.9% in 2025-26, with the manufacturing, trade, transport, and financial and real estate sectors recording growth rates exceeding 10%. With nominal GDP growth at 8.9%, the implicit price deflator-based inflation rate stood at 1.1% in 2025-26.

For 2026-27, growth prospects are likely to be impacted because of the disruptions in crude supply and higher prices affecting the first quarter, and due to a deficiency in rainfall associated with the onset of El Niño. The India Meteorological Department has estimated a 10% shortfall (as compared with the Long Period average). Up to June 24, 2026, the estimated shortfall is nearly 43%.

The combination of El Niño and fertilizer shortages pose a potential risk to India's agricultural output in 2026-27. In particular, in the immediate term, the *kharif* crop is likely to be affected. There may also be an impact on the *rabi* crop which is to follow. Therefore, it is important to build up fertilizer reserves and address issues



C. Rangarajan

Former Chairman,
Prime Minister's
Economic Advisory
Council, and former
Governor,
Reserve Bank of India



D.K. Srivastava

Former Director,
Madras School
of Economics

Changing
dynamics
present
opportunities
and challenges
for the
economy

of potential shortages when it comes to important crops, which may warrant a reconsideration of crop-specific import and export policies. The Reserve Bank of India (RBI) has projected real GDP growth of 6.6% for 2026-27.

Fiscal prospects, petroleum economy

One important feature of 2026-27 growth is the likelihood of relatively higher nominal GDP growth as compared to 2025-26. This is because the implicit price deflator (IPD), which depends on Wholesale Price Index (WPI) and Consumer Price Index (CPI) inflation, is likely to be higher than the 2025-26 level of 1.1%. The RBI's June 2026 Professional Forecasters' median projections for WPI and CPI inflation for 2026-27 are 8% and 4.9%, respectively. With a resolution of the West Asian crisis, we consider WPI and CPI inflation rates for the full year to be lower at 6% and 4.5%; using weights of 60% and 40%, respectively, we can broadly estimate IPD-based inflation to be 5.4%. Combining this with a real GDP growth of 6.6%, we may have a nominal growth of about 12.4% in 2026-27, higher than the budgeted growth of 10.1%. This would have a positive impact on tax revenues. The Government of India should be able to realise its budgeted estimate of tax revenues absorbing the adverse revenue impact of any excise duty cuts. On the expenditure side, however, subsidies may be higher than budgeted.

The RBI has given a dividend of ₹2.69 lakh crore to the Government. This amount covers a significant portion of the budgeted 'Dividends and profits from RBI and Financial Institutions' in 2026-27 at ₹3.16 lakh crore. Given these developments, we expect the 2026-27 budgeted fiscal deficit at 4.3% of GDP to be either realised or only marginally exceeded.

The evolution of India's petroleum economy has been characterised by certain notable features. First, India's dependence on imported crude oil has increased to more than 90% in 2025-26 from 54.9% in 1998-99. Second, the volume of domestic production of crude oil has fallen over time to 26 million metric tons (MMT) in 2025-26 from a peak of 35.9 MMT in 2011-12. Third, demand for petroleum products/petroleum, oil, and lubricants (PoL) has increased, thereby generating the need for larger imports. Fourth, domestic consumption of PoL

products has increased to 243.2 MMT in 2025-26 from 90.6 MMT in 1998-99. Fifth, India has developed an impressive capacity for refining crude to produce various PoL products. This capacity has improved over time. Sixth, the energy intensity of India's output, as well as the intensity of use of PoL products in GDP, has fallen over time. This augurs well for sustaining an energy-efficient growth at a reasonably high level for a relatively longer period.

India may continue to augment its refining capacity, which has helped save refining costs compared to the situation if it had directly imported refined petroleum products. The trend towards growing dependence on imported crude oil needs to be reversed by emphasising the exploitation of domestic crude resources while accelerating the transition to greener and alternative energy sources, including nuclear power.

Build reserves

With a lowering of global crude prices and normalisation of supplies, the government should shore up its fertilizer reserves and reserves for other critical primary commodities including crude. There is a need to further diversify sources of imported crude and also reduce reliance on imports through the Strait of Hormuz. A policy for building strategic reserves of key primary commodities, along with estimates of the required volumes and needed infrastructure, should be put in place.

The current account deficit was 0.6% of GDP in 2025-26, with the fourth quarter showing a surplus of 0.7% of GDP. Prospects for 2026-27 indicate a deterioration in this magnitude. The RBI's June 2026 Survey of Professional Forecasters had estimated a current account deficit of 2.1% of GDP for 2026-27, as per their median estimate. With normalisation of the global oil market and the opening of the Hormuz strait, we expect this to be lower at about 1.5% of GDP.

The prospects of the Indian economy outlined above is on the assumption that peace will prevail in West Asia from now on. If this assumption turns out to be incorrect and if the war continues, India along with many other countries will face an extremely difficult situation.

The views expressed are personal

GS Paper III: Indian Economy

UPSC Mains Exam Practice Questions: Analyze the objectives behind the establishment of the Ministry of Cooperation in India and the major institutional challenges facing the cooperative movement. **(10Marks, 150 Words)**

Context : In the current global economy, 'hyper-competitive' and 'hyper-capitalism' business models dominate. Although these models drive economic growth, they have serious social, environmental, and political consequences (such as inequality and exploitation). At such a time, the Cooperative Model emerges as a strong and 'worker-centric' alternative. The formation of the Ministry of Cooperation by the Government of India is a bold experiment to integrate this alternative into the mainstream economy.

The Changing Landscape & Potential of the Cooperative Sector**Expansion from Agriculture to Services:**

- Traditionally, cooperative societies were limited only to agriculture, dairy, and credit. But the need of the hour today is to expand them into other sectors such as the service sector and manufacturing.

Policy Coherence:

- The main objective of the Ministry of Cooperation is to establish a strong policy synergy between agriculture, dairy, fisheries, banking, housing, consumer cooperatives, and exports.

Revamp of PACS:

- Primary Agricultural Credit Societies (PACS) are the foundation of the rural cooperative system.
- Through a new and improved legal framework, PACS have now been given the right to conduct more than 25 business activities. Because of this, they are transforming into multi-dimensional economic service provider institutions in rural India.

Global Market Access:

- The government has promoted new multi-state cooperative societies at the national level, so that small producers can be directly linked to global markets and value chains.

Significance of the Model

- Inclusive Development:** Cooperative societies by nature operate on a small scale. This model gives economic strength to those people who cannot survive against big capitalists (Hyper-scalers). This is an economic, social, and political imperative.

Daily News Analysis

- **Countering the Ill Effects of Capitalism:** Keeping in view the shortcomings of capitalism at the global level (such as environmental damage, the widening gap between rich and poor), leaders around the world are looking at the cooperative model as a sustainable and equitable alternative.
- **Emphasis on Production & Marketing:** Instead of just providing credit or seeds-fertilizers, cooperative societies are now being encouraged to manufacture products (Production) and sell them in the market themselves (Marketing), so that the rural crisis can be mitigated.

Key Challenges

- **Corruption & Inefficiency:** Historically, the image of India's cooperative sector has been affected due to local politics, nepotism, and financial irregularities.
- **Fear of Over-centralization:** There is a fear among states and local communities that with the arrival of a central ministry (national mechanism), their local control over cooperative societies might end. Cooperative societies are a subject of the State List of the Constitution, therefore maintaining the autonomy of states is a big challenge.
- **Scale vs. Fragmentation:** Cooperative societies are scattered and small. In the era of big tech companies and global giants, linking them with digital technology and keeping them competitive is not easy.

Way Forward - 'The Sweet Spot'

According to the editorial, India will have to find a balance (Sweet Spot) on some key fronts to take this sector forward:

- **Balance of Decentralization and Consolidation:** While on one hand policy alignment (Consolidation) is necessary at the national level, on the other hand, local control and decentralization will have to be maintained at the grassroots level.
- **Coordination of Technology and Human Labour:** Cooperative societies will have to use modern digital technology and data, but keeping in mind that this does not lead to the loss of employment (Human Labour), but rather enhances the capacity of workers.
- **National Cooperation Policy:** The new policy currently being formulated should focus on better coordination between states, national federations, and local stakeholders, capacity building, and strong market linkages.

Conclusion

The cooperative model is not completely flawless, but it is the most effective tool in the present time to mitigate the social and economic damages of 'hyper-capitalism'. If India can establish a strong federated synergy with the states while eliminating corruption, it can establish its cooperative sector as a successful and worker-centric global model. This will be a major step towards realizing the dream of 'Prosperity through Cooperation' (Sahkar se Samridhi).