About Newsnama

Newsnama is MockMentor's weekly magazine on the most important newspaper articles of the week. It draws on The Hindu, The Indian Express, Business Standard, The Economic Times and official sources such as the RBI, SEBI and international organisations. Each topic does not stop at listing facts. It explains the **background**, the **core issue**, the **different viewpoints** and a **balanced way forward**, in simple language.

How Newsnama helps you

- **Interviews:** understand the "why" behind the news and form your own reasoned opinion.
- **Descriptive writing:** arguments, counter-arguments and a way forward that you can use in essays and answers for RBI Grade B Phase II (Economic and Social Issues, and Finance and Management).
- **Static plus current:** "Concept" boxes link each news item to the underlying syllabus topic.
- **Saves time:** related articles are merged into one topic, only key figures are kept, and the **newspaper source** of every topic is mentioned so you can read the original.

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Basel III's Last Mile: How the RBI Is Making Banks Shock-Proof

Sources: RBI Directions on leverage ratio and operational risk (23 October 2026)

On **23 October**, the RBI issued final rules on two important pieces of the global **Basel III** framework. First, a **leverage ratio** of **4%** for systemically important banks and **3.5%** for other commercial banks. Second, a new **Standardised Approach** for setting aside capital against **operational risk**. Both take effect from **1 April 2027**. Together they complete much of India's move to the final Basel III standards and change how banks measure the cushion that protects depositors.

Concept – Basel III: The **Basel Committee on Banking Supervision**, based at the Bank for International Settlements (BIS) in Basel, Switzerland, sets global standards for bank safety. **Basel III** was drawn up after the 2008 global financial crisis to make banks hold **more and better-quality capital**, keep enough **liquid assets**, and avoid excessive **borrowing**. Its three pillars are minimum capital requirements (Pillar 1), supervisory review (Pillar 2) and market discipline through disclosure (Pillar 3).

Why Banks Need Two Kinds of Safety Nets

Under normal capital rules, banks hold capital in proportion to the **riskiness** of their loans and investments, called **risk-weighted assets**. A government bond carries almost no risk weight, while an unsecured personal loan carries a high one. This makes sense, but it has a weakness: if banks or regulators judge risks wrongly, or banks find clever ways to make assets look safer, a bank can pile up huge assets on very little capital. The **2008 crisis** showed exactly this: many banks looked well-capitalised on paper but were borrowing many times their capital.

The **leverage ratio** fixes this by ignoring risk weights altogether. It simply asks: how much core capital does the bank have compared with **everything** it has lent, invested or promised? It acts as a **backstop** to the risk-based rules.

Concept – Leverage ratio: Leverage ratio = **Tier 1 capital ÷ total exposure**. Tier 1 is the bank's core capital, mainly equity and retained profits. Total exposure includes all on-balance-sheet assets, derivatives, securities financing transactions and off-balance-sheet commitments such as guarantees, generally without netting. A 4% ratio means a bank can have total exposure of at most 25 times its core capital.

What the New Leverage Rules Do

- **Higher bar for bigger banks: Domestic Systemically Important Banks (D-SIBs)** such as SBI, HDFC Bank and ICICI Bank must keep 4%, because their failure would hurt the whole economy; other commercial banks must keep 3.5%.
- **Foreign giants:** Indian branches of **Global Systemically Important Banks (G-SIBs)** must hold 3.5% plus an extra buffer; if they fall short, they face limits on paying out profits.
- **Stricter measurement:** following the Basel 2017 standard, exposures from derivatives, repo-type transactions and off-balance-sheet items are counted more fully, closing gaps through which leverage built up earlier.
- **More transparency:** banks must disclose the ratio in standard formats, and the minimum must be met at all times, not just at quarter-end.

Operational Risk: Capital for Things That Go Wrong Inside the Bank

Banks lose money not only when borrowers default but also through **fraud, system failures, cyber attacks, legal penalties and human error**. This is **operational risk**. Under the older Basel II approaches, banks could estimate this capital in different ways, including their own internal models, which made banks hard to compare. Basel III replaces all of them with a single **Standardised Approach** for every bank.

Concept – The new Standardised Approach: The capital charge = **Business Indicator Component (BIC) × Internal Loss Multiplier (ILM)**. The **Business Indicator** measures the size of a bank's business from its financial statements (interest, fee and trading income), with higher percentages applied as the bank grows. The **ILM** adjusts this for the bank's **own history of operational losses**: banks that have suffered bigger losses in the past must hold more capital. Banks normally need 10 years of loss data.

The approach rewards banks with **clean records** and strong controls, and penalises those with a history of frauds or failures. Banks with large fee-based businesses may need more capital than before. With digital banking, outsourcing and cyber threats growing, linking capital to real loss experience makes the system more realistic.

Will This Hurt Lending?

Most large Indian banks already have leverage ratios well above these minimums, because they built up capital after the bad-loan clean-up of 2015–2020. The impact is likely to be **modest** for them, though some mid-sized banks and foreign bank branches may need to adjust. The long notice period, until April 2027, gives banks time to prepare.

The Other Side

Critics point out that a leverage ratio treats a safe government bond and a risky loan the same way, which may discourage banks from holding low-risk, low-return assets. Higher capital requirements also raise banks' costs, which can push up lending rates or slow credit growth, especially at a time when credit is already growing near 19% and liquidity is tight. Some also argue that India's banks, which hold large amounts of government securities under the Statutory Liquidity Ratio, need a calibration suited to Indian conditions rather than a copy of global rules. The RBI has addressed part of this by allowing temporary exclusion of central bank reserves in exceptional times, while raising the minimum ratio to keep overall resilience unchanged.

Strong capital rules matter most when times are good, because that is when risks quietly build up. By completing these Basel III pieces while banks are healthy and profitable, the RBI is strengthening the system's defences before the next shock rather than after it. For depositors, the message is simple: the bank's own money will act as a bigger cushion between their savings and any losses.

Banks' Second-Quarter Report Card: Record-Low Bad Loans, Squeezed Margins

Sources: Business Standard (17, 23, 24 and 30 October), quarterly results of banks; RBI data on credit and interest rates (29–30 October)

Banks have just reported their results for **July–September 2026** (the second quarter of 2026-27). The overall picture is strong: **profits are up**, and **bad loans are at multi-year lows**. But beneath the good headlines, margins are under pressure, some profits came from one-time gains, and the rate hike of 7 October is yet to show up fully. Reading these numbers carefully helps us understand the real health of Indian banking.

Concept – Key banking ratios: Net Interest Income (NII) is the difference between interest earned on loans and interest paid on deposits. **Net Interest Margin (NIM)** is NII as a percentage of interest-earning assets; it shows how profitable lending is. **Gross Non-Performing Assets (GNPA)** are loans on which interest or principal

has been unpaid for over 90 days, as a share of total loans. **Net NPA** is what remains after deducting provisions set aside for these losses. The **Provision Coverage Ratio (PCR)** shows how much of the bad loans is already covered by provisions.

Concept – External benchmark lending and transmission: Since 2019, banks must link most new floating-rate retail and small business loans to an **external benchmark**, usually the RBI's repo rate. About **68%** of floating-rate loans are now linked this way. When the repo rate changes, these loan rates change within a quarter, while deposit rates change only as deposits mature. This is called **monetary transmission**, and its speed affects both borrowers and bank margins.

A Puzzle: Loan Rates Fell Before the Hike

RBI data show that the average rate on **fresh loans** fell to 8.51% in September, and fresh deposit rates to 5.61%, even as the RBI prepared to raise rates. The reason is timing: September data reflect the earlier easy-money phase and the flood of FCNR liquidity. The 7 October hike and tighter liquidity will push both loan and deposit rates up from the third quarter. Banks expect margins to **recover**, since loan rates linked to the repo rate will rise faster than deposit costs.

Risks Behind the Good Numbers

- **Fast credit growth:** lending growing near 20% a year can hide future bad loans, especially in unsecured retail loans and loans to NBFCs.
- **Microfinance stress:** lenders with large microfinance books, such as Bandhan Bank (gross NPA 3.11%), still carry higher risk.
- **Higher rates ahead:** rising EMIs may stretch over-borrowed households and small businesses, as discussed in our 1st–7th October issue.
- **Deposit gap:** if deposits keep lagging credit, banks may rely on costlier, less stable funding.

The Other Side

Optimists argue that Indian banks have never been stronger: capital is ample, bad loans are at record lows, and profitability (return on equity) is healthy, so they can absorb shocks and keep funding growth. Sceptics reply that strong results often come at the **peak of a credit cycle**, and that the real test comes one or two years later, when today's rapid lending seasons.

The second-quarter results show a banking system that is **healthy but heading into a tougher phase**: higher interest rates, tighter liquidity and pressure on margins. For students, the key lesson is to look beyond headline profits to margins, the quality of earnings and the pace of credit growth. For regulators, the task is to keep lending prudent while the good times last, which is exactly why the RBI is tightening capital rules (see the previous topic).

Beyond the Fence: Why Cyber Security Is Now a Financial Stability Issue

Sources: The Hindu (27 October, Khyati Singh); Financial Stability and Development Council meeting (23 October), as reported by DD News

Two developments this week show that cyber security is no longer just an information technology (IT) problem. On **23 October**, the **Financial Stability and Development Council (FSDC)**, chaired by Finance Minister Nirmala Sitharaman, discussed a new **Financial Sector Cyber Security Strategy**, alongside risks from geopolitics, the boom in artificial intelligence (AI) stocks and rising global bond yields. A few days later, an article in **The Hindu** examined the leak of files linked to the **Kudankulam nuclear power project**, showing how the weakest link is

often a contractor or data centre, not the sensitive facility itself. The two together carry an important lesson for banks and the financial system.

Concept – Financial Stability and Development Council (FSDC): The **FSDC** was set up in 2010 as the apex forum of India's financial regulators, chaired by the Union Finance Minister. Its members include the heads of the RBI, the Securities and Exchange Board of India (SEBI), the Insurance Regulatory and Development Authority of India (IRDAI), the Pension Fund Regulatory and Development Authority (PFRDA) and the Insolvency and Bankruptcy Board of India (IBBI). It monitors risks to the whole financial system, coordinates between regulators and handles issues that cut across sectors. A sub-committee chaired by the RBI Governor does much of the detailed work.

The Kudankulam Case: The Breach Outside the Plant

In mid-July 2026, a ransomware group called **World Leaks** began posting nearly **19,000 files** (14.3 GB) related to Kudankulam on the dark web: engineering drawings, supplier details, inspection records and meeting minutes from 2016 to about 2025. The files had been stored by **Reliance Infrastructure**, the construction contractor for Units 3 and 4, on a server at a third-party data centre, **Yotta**, which suffered a ransomware attack in May. The Nuclear Power Corporation of India Limited (NPCIL) clarified that the documents related only to non-nuclear infrastructure, and nothing suggests that the reactors or their safety systems, which are isolated from the internet, were touched.

The real lesson is not that the "reactor was hacked" (it was not), but that a great deal of **sensitive information about India's critical facilities sits outside them**, with contractors, subcontractors, cloud providers and their staff. This is not new: in 2019, malware linked to North Korea's Lazarus Group was found on Kudankulam's internet-facing administrative network. In both cases, the core held, but the **periphery** was exposed.

Concept – Supply-chain cyber risk: Large systems such as a power plant, an electricity grid or a bank depend on many outside parties: equipment suppliers, software vendors, cloud and data centre providers, consultants and contractors. Each may legitimately hold sensitive data. An attacker does not need to break into the main organisation; they can target the **weakest partner**. An organisation's security is therefore only as strong as that of every entity that has access to its data.

The Gap in India's Rules

India does have institutions: **CERT-In** (the Indian Computer Emergency Response Team) responds to cyber incidents, and its 2022 directions made quick reporting mandatory; the **National Critical Information Infrastructure Protection Centre (NCIIPC)**, set up under Section 70A of the Information Technology Act, protects critical systems. But legal obligations fall mainly on the **operator** of a "protected system". Once data passes to a contractor, subcontractor or data centre, its protection depends largely on **contracts**. The Digital Personal Data Protection Act covers personal data, not engineering drawings. This creates an **accountability gap**: the operator says its systems were safe, the contractor blames the data centre, and the data centre blames the attacker, while sensitive files end up on the dark web.

The risk is growing as India expands the Kudankulam plant to 6,000 MW, opens defence, space and nuclear sectors to private companies, builds smart grids and digital public infrastructure, and moves government data to commercial clouds. Rules designed for a world where the government built and controlled everything no longer fit.

Why This Matters for Finance

Finance faces exactly the same pattern. Banks depend on **critical third parties**: cloud providers, core banking software vendors, payment processors and fintech partners. The RBI Governor warned earlier this month that the next financial crisis may begin with "a cyberattack, or a technological failure" (covered in our 1st–7th October issue), and the IMF's latest Global Financial Stability Report also flagged rising cyber threats. The FSDC's new cyber security strategy focuses on protecting **critical information infrastructure** in finance and on **cyber readiness of Regional Rural Banks**, which often have weaker systems. The RBI has also issued rules on IT outsourcing and requires banks to ensure that vendors meet the same security standards. A new RBI data centre and cyber security institute in Bhubaneswar (covered in our Topic in the News) adds to this capacity.

What Needs to Change

- **Security must follow the data:** every contractor, subcontractor or cloud provider handling critical data should be bound by defined security standards, with liability and audit rights written into contracts.
- **Data classification:** partners should hold only the data they need, and only for as long as they need it.
- **Real testing, not paperwork:** replace annual compliance certificates with third-party risk assessments and "red team" exercises that test the whole vendor ecosystem.
- **Zero trust:** assume no network is safe and verify every access request, for all projects of national importance.
- **One national framework:** CERT-In, NCIIPC, sectoral regulators such as the RBI, and operators should agree on who is responsible for supply-chain security before a breach, not after.

Concept – Zero-trust architecture: Traditional security protects a "perimeter" and trusts everyone inside it. **Zero trust** assumes that attackers may already be inside, so every user, device and request must be verified each time, and each user gets only the minimum access needed. It limits the damage when one part of the system is breached.

Other Agenda Items at the FSDC

The council also discussed **tokenisation** of financial and real-world assets, strengthening **GIFT City** as an international financial centre, simplifying **KYC (Know Your Customer)** for NRIs and foreign investors, and better credit access for small businesses through the **Account Aggregator** framework and the RBI's **Unified Lending Interface**. The Finance Minister asked regulators to speed up the return of **unclaimed deposits, dividends, insurance and pension money** to their rightful owners under the "Your Money, Your Right" campaign, and proposed that the FSDC meet more regularly given rising global uncertainty.

The Other Side

Stricter security obligations on every vendor raise costs, which can burden small firms and slow down projects. Too much secrecy can also clash with transparency and competition in public procurement. And a single national framework risks becoming another layer of paperwork unless it is backed by skilled auditors and real enforcement.

In the digital age, critical infrastructure, whether a nuclear plant or a bank, is not a building behind a fence but a **chain of many organisations**, most of them outside the operator's direct control. India's financial and security regulators must ensure that every link in that chain is held to the same standard as the most sensitive asset it touches. Financial stability now depends as much on cyber resilience as on capital.

Feeding the Soil Wrongly: India's Fertiliser Imbalance and the Way Out

Source: The Indian Express (26 October), Ashok Gulati and Ritika Juneja

On **22 October**, Union Agriculture Minister Shivraj Singh Chouhan launched the **Khet Bachao Abhiyan** (Save the Farm Campaign) for the rabi season in Karnal, Haryana, urging farmers to use fertilisers in balanced doses. The concern is serious: India's soils are being fed a lopsided diet, harming soil health, groundwater, air quality and public finances. But advice alone will not work when **prices send farmers the wrong signals**. A recent study by the Indian Council for Research on International Economic Relations (ICRIER) shows how the problem has grown, and what can fix it.

Concept – N, P and K: Crops need three main nutrients: **Nitrogen (N)**, mainly from **urea**, for leaf growth; **Phosphorus (P)**, mainly from **Di-Ammonium Phosphate (DAP)**, for roots and flowering; and **Potassium (K)**, from **Muriate of Potash (MOP)**, for grain quality and resistance to drought and disease. They also need micronutrients such as zinc and boron, and organic carbon to hold nutrients. The recommended N:P:K ratio for Indian conditions is roughly **4:2:1** in general guidance, and about 2.8:1.5:1 based on crop- and irrigation-specific norms.

How Bad Is the Imbalance?

Comparing actual use with recommended doses in 20 major States between 2009-10 and 2024-25, the ICRIER study finds that nitrogen use has moved from 7% **below** its recommended dose to 6% **above** it, while the potash shortfall has widened from 48% to **72%**: farmers apply just 9 kg of potash per hectare against a need of 32 kg. India's actual N:P:K ratio is about **10.5:4.1:1**, far from the norm. Eleven of 20 major States overuse nitrogen, led by Jharkhand and Punjab, and **every State** under-applies potash.

Why a Reform Made Things Worse

In 2010, India introduced the **Nutrient Based Subsidy (NBS)** scheme to correct this imbalance. But NBS covered only phosphatic and potassic fertilisers, whose prices were allowed to move with world markets. **Urea was kept outside**, at a fixed, heavily subsidised price. Between 2010-11 and 2024-25, DAP prices nearly tripled and MOP prices rose six-fold, while the price of nitrogen in urea rose by just 1%. Farmers respond to **relative prices**. Nitrogen also makes crops look green quickly, while the damage from missing potash shows up later and quietly. As a result, nitrogen's share in total NPK use is back to about 67%, the level of 1970-71.

Concept – Nutrient Based Subsidy (NBS): Under **NBS**, the government fixes a subsidy per kilogram of each nutrient (N, P, K and sulphur) in phosphatic and potassic fertilisers, and companies set retail prices. **Urea** is outside NBS: its maximum retail price is fixed by the government, and the subsidy covers the gap between production or import cost and that price. This makes urea artificially cheap compared with other fertilisers.

The Damage: From Soil to Plate

- **Soil health:** of 96 lakh soil samples tested under the Soil Health Card scheme in 2025-26, 72% were low in nitrogen and 52% in organic carbon, with widespread zinc and boron deficiency. Low nitrogen despite overuse is no paradox: carbon-starved soils cannot hold what is poured on them, and crops absorb only 30–40% of applied nitrogen.
- **Air and water:** some of the rest escapes as **nitrous oxide**, a greenhouse gas 273 times more potent than carbon dioxide, and some leaches into groundwater. Nitrate above safe limits has been found in parts of 502 districts, causing risks such as "blue baby syndrome" in infants.

- **Food and nutrition:** potash shortage weakens crops against drought and disease; zinc-poor soils produce zinc-poor grain, adding to "**hidden hunger**" (micronutrient deficiency), a link to the Global Hunger Index discussion in our 8th–15th October issue.

- **Public finances:** the fertiliser subsidy budget for 2026-27 is **₹1.71 lakh crore**, and disruption in the Strait of Hormuz could push it to ₹2.5–3 lakh crore, two-thirds of it for urea. Benefits are skewed: Punjab gets about ₹25,700 of nitrogen subsidy per hectare, ten times Kerala. Together with free power and assured procurement at the Minimum Support Price (MSP), this locks in the water-guzzling rice–wheat cycle.

The Way Out: Four Steps

- **Shift to a nutrient-neutral DBT:** replace price subsidies with a **Direct Benefit Transfer (DBT)** per hectare, the same for every nutrient and crop, so farmers pay market prices and urea loses its artificial edge. AgriStack's digital farmer IDs linked to land records, and point-of-sale tracking of fertiliser purchases, make this possible, though identifying tenant farmers remains a challenge. A gentler option is to bring urea under NBS while cutting DAP and MOP prices, keeping total subsidy around ₹2 lakh crore.

- **Reward States for balance:** fix and fund **PM-PRANAM**, which was meant to reward States that cut chemical fertiliser use but has not yet disbursed money.

- **Invest the savings:** use subsidy savings for drip irrigation and **fertigation** (supplying fertiliser through irrigation water), and for better products such as customised and coated fertilisers, triple super phosphate, bio-fertilisers, nano fertilisers and nitrogen-efficient seeds.

- **Follow the 4Rs:** right source, right rate, right time and right place, with plot-level advice from soil tests. Rotating cereals with pulses can cut the next crop's nitrogen need by 20–30%.

Concept – PM-PRANAM: The **PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth**, approved in 2023, promises States 50% of the fertiliser subsidy they save by reducing chemical fertiliser use, as a grant to be spent on alternative fertilisers and soil health.

The Other Side

Raising urea prices is politically very sensitive and could hurt small and marginal farmers, at least in the short run, by raising costs and lowering yields if they cut use sharply. A cash transfer may not reach tenant farmers who actually cultivate the land, and money given in cash may not be spent on fertiliser at all. With costly imports and supply shocks, cheap urea is also seen as a guarantee of **food security**. Many experts therefore favour a **gradual, phased** shift, with strong farmer awareness and soil-testing support, rather than a sudden change.

The measure of success must change from **how much fertiliser is used** to **how balanced the nutrients are**. India's soils have quietly supported its food security for decades, but that account is now overdrawn. Fixing fertiliser prices, together with power pricing and procurement reforms in Punjab and Haryana, is essential if the soils are to keep feeding the country.

India–New Zealand Trade Agreement: Small Market, Big Opportunities

Sources: The Hindu (29 October), Anant Goenka; The Policy Edge

The **India–New Zealand Free Trade Agreement (FTA)**, signed in April 2026, came into force on **20 October**. New Zealand is a small economy, but the deal matters for what it offers Indian exporters, professionals and students, and for India's growing network of modern trade agreements in the **Indo-Pacific**. Like the Hillary–Tenzing partnership that first climbed Everest in 1953, its success will depend on both sides working together to make full use of it.

Concept – Free Trade Agreement (FTA): An **FTA** is a deal in which two or more countries cut or remove customs duties on most goods traded between them and ease rules for services and investment. Goods must meet **rules of origin** (proof that they are really made in the partner country) to get the lower duty. Modern FTAs also cover services, investment, mobility of professionals and regulatory cooperation.

Why the Deal Matters: A Market Below Potential

Bilateral merchandise trade is only about **$1.2 billion**. India supplies just **1.9%** of New Zealand's imports, while China supplies over 22% and Australia, the US, South Korea and Japan together about 33%. Most of these suppliers already enjoy preferential access through trade agreements, which put Indian exporters at a disadvantage. The FTA removes this handicap: New Zealand has removed duties on **all tariff lines** for qualifying Indian goods.

Where India Can Gain

- **Labour-intensive goods:** New Zealand imported about $1.2 billion of apparel in 2025, but India's share was only about 4%. Removing average duties of nearly 10% opens space for Indian garments, leather, footwear, home textiles and carpets, which create many jobs at home.
- **Engineering and automobiles:** New Zealand imports about $7 billion of machinery and $5.2 billion of vehicles and parts each year, with India's share at around 1% or less.
- **Pharmaceuticals:** India already had zero-duty access, but the FTA lets New Zealand rely on inspection and evaluation reports from recognised regulators, cutting duplicate compliance for Indian drug makers.
- **Services:** New Zealand imports about $24 billion of services, with India's share under 3%. The FTA covers 118 service sectors, including IT, professional services, healthcare, traditional medicine, education and finance.
- **People:** up to **5,000 Indian professionals** can work in New Zealand at any one time for up to three years, plus a working holiday scheme and better post-study work options for students.
- **Investment:** New Zealand aims to facilitate **$20 billion** of investment into India over 15 years, in areas such as manufacturing, renewable energy, agritech and food processing.

Protecting India's Farmers

New Zealand is a global dairy powerhouse, which was long the main obstacle to a deal. India has **kept dairy, sugar and edible oils out** of its tariff cuts. Products such as apples, kiwifruit and mānuka honey get only limited access, through quotas or phased schedules, along with plans for centres of excellence in Indian States to raise local productivity. This follows India's approach in its deals with the UK, EFTA and others: open up industry and services, but **protect sensitive farm sectors** that support millions of small farmers.

Concept – Tariff Rate Quota (TRQ): A **TRQ** allows a fixed quantity of a product to be imported at a lower duty; imports above that quantity pay the normal, higher duty. It lets a country give partners limited access while protecting domestic producers from a flood of imports.

The Other Side

Duty-free access does not by itself guarantee higher exports. Indian firms must meet New Zealand's quality and safety standards, find buyers, build distribution and actually **use** the preferences; India's use of past FTAs has often been low. The $20 billion investment figure is a **target**, not committed money. Critics also note that India's bilateral trade deficits have widened after several earlier FTAs, and that the gains from a small market like New

Zealand are limited. From New Zealand's side, farmers are disappointed that dairy, its biggest export, was left out.

The FTA is best seen as part of a larger strategy: India now has a growing set of agreements, with the UAE, Australia, the UK, EFTA and New Zealand, that together give its exporters better access to rich markets while protecting sensitive sectors. Doubling trade with New Zealand by 2030 is achievable, but only if exporters, industry associations and the government work together on market intelligence, standards and partnerships. As with every trade deal, the real gains come not from signing, but from **using** it.

Building a Holistic Care System: The Missing Infrastructure of Growth

Source: The Hindu (29 October), Shoko Ishikawa and Angela Lusigi

Over the past decade, India has invested heavily in **physical and digital infrastructure**: highways, metros, electricity and digital public platforms. But one foundation on which every household and the economy depend has received far less attention: **care**. Everyone needs care at some point, as a child, when ill, when disabled or in old age. How a society organises care shapes people's opportunities, health and ability to work. Marking the **International Day of Care and Support** (29 October), an article in **The Hindu** by officials of the United Nations makes the case for treating care as infrastructure.

Concept – The care economy: The **care economy** covers all paid and unpaid work involved in looking after children, the elderly, the sick and persons with disabilities, and in running households. **Unpaid care work**, done mostly by women, is not counted in Gross Domestic Product (GDP), even though the economy depends on it. Sustainable Development Goal **(SDG) target 5.4** calls on countries to recognise and value unpaid care work through public services, infrastructure and shared responsibility within households.

Why Care Matters for Women and the Economy

In the Periodic Labour Force Survey (PLFS) 2025, **44.4%** of women outside the labour force said **childcare and homemaking** were their main reason for not working. The Time Use Survey 2024 found that **41%** of women aged 15–59 provided unpaid care, spending an average of **140 minutes a day** on it. When care services are missing, women pay the price in unpaid work, lost earnings and fewer opportunities. Raising women's labour force participation, one of India's biggest untapped sources of growth, therefore depends on affordable, good-quality care. India's **ageing population** will make eldercare an even bigger need in the coming decades.

What Already Exists

India is not starting from zero. The **Anganwadi** network, strengthened through Saksham Anganwadi and Poshan 2.0, anchors early childhood care and nutrition. The **Palna** scheme under Mission Shakti supports crèches; **Mission Vatsalya** supports child protection; and there are schemes for senior citizens and persons with disabilities. The problem, as the article puts it, is **architecture, not ambition**.

Four Gaps

- **Fragmentation:** care is split across many ministries, from women and child development to social justice and urban affairs, without a common framework. This leaves gaps such as crèches that close before factory shifts end, or eldercare needs that fall outside every scheme.
- **Coverage:** the United Nations Development Programme (UNDP) estimates that 9–10 million women in low-income urban households need childcare; 24% of older persons face limits in daily activities, yet data on care services remain thin.

- **Workforce:** frontline care workers, from Anganwadi workers to home-based caregivers and domestic workers, are often poorly paid or engaged as "honorary" workers without full wages and social security. Standards, certification, decent pay and career paths would recognise care as **skilled work**.

- **Financing and norms:** care is still budgeted as **welfare** rather than **investment**, and workplace policies assume caregiving is women's job. The Economic Advisory Council to the Prime Minister has recommended statutory **paid paternity leave** in the private sector.

What Other Countries Are Doing

Colombia's 2025 National Care Policy brings 34 government bodies under one framework. **Brazil** adopted a National Care Policy in 2024 and a National Care Plan in 2025, with inter-ministerial committees to steer them. **Nepal** used care mapping to fund pilot projects. These show that care can be planned like any other infrastructure.

The Way Forward for India

NITI Aayog's report "Reimagining Care: Strategies for Empowering Caregivers in Viksit Bharat@2047" proposes a **National Caregiving Council** to coordinate policy. The Ministry of Social Justice and Empowerment is consulting States on a **National Care Economy Mission** with inter-ministerial governance, aligned financing and shared data. **State-level care roadmaps** can make this practical: mapping needs, services and demographic trends, identifying gaps in childcare, eldercare and disability support, and preparing costed plans with clear responsibilities. Supporting women-led childcare enterprises and skilling care workers can create jobs at the same time.

Concept – Why care is called infrastructure: Like roads or power, care services are a **shared foundation** that allows people to work and the economy to grow. Investment in childcare and eldercare frees time for (mostly) women to take up paid work, creates jobs in the care sector itself, and improves children's development and older people's well-being. Studies by the International Labour Organization (ILO) suggest that such investment can generate large numbers of jobs, especially for women.

The Other Side

A large public care system needs significant and continuing money at a time when States already face tight budgets. In India, care is also deeply tied to family and social traditions, and many families prefer care at home; heavy state involvement may not suit everyone. Creating a new council or mission also risks adding another layer of bureaucracy unless existing schemes are actually merged and simplified. Some therefore argue for focusing on **strengthening and funding existing schemes**, such as Anganwadis and crèches near workplaces, rather than building new institutions.

The evidence, programmes and policy vision already exist. The task now is to **connect, finance and hold them accountable**, and to build care the way India builds roads and digital platforms. For a Viksit Bharat by 2047, a strong care system is not just a social goal; it is an economic necessity that can unlock the potential of millions of women.

Administrative Reforms 3.0: Why the Reformer Must Reform First

Source: The Indian Express (30 October), Pratap Bhanu Mehta

The Cabinet Secretary has announced that India will undertake **Administrative Reforms 3.0**, part of a wider government push on deregulation, "ease of doing business" and "ease of living" (including a "52 Reforms in 52 Weeks" initiative). India badly needs reforms to face global headwinds, a fragile external sector and uneven

growth at home. But a sharp critique in **The Indian Express** asks a deeper question: why have earlier rounds of reform not delivered the expected business dynamism, and can a third round succeed without changing how the state itself thinks and behaves?

Concept – Administrative reform: Administrative reform means changing how government works: its rules, processes, institutions and people. India has had two **Administrative Reforms Commissions (ARC)**: the first in 1966 (chaired by Morarji Desai, later K. Hanumanthaiya) and the second in 2005 (chaired by Veerappa Moily). Recent reforms include online approvals, decriminalising minor business offences through the **Jan Vishwas Act**, Mission Karmayogi for civil service capacity, and repealing obsolete laws.

The Evidence: Business Dynamism Remains Weak

The International Monetary Fund's 2025 review of India notes that Indian firms face longer customs delays than peers, and that senior managers spend more time on regulatory compliance. Firm **entry and exit rates are below 1%**, compared with 8–13% in comparable economies, and about **15%** of firms in its sample are "zombie" firms that survive without being productive. Even the government's own **Economic Survey 2025-26** observes that in parts of Indian business, "regulatory arbitrage, protected margins, and firm-specific accommodations" often matter more than productivity and competition, describing a "hybrid zone where rents are available, enforcement is uneven, and political mediation substitutes for market discipline".

Concept – Rent-seeking: Rent-seeking means trying to earn income not by creating value but by obtaining special favours, such as licences, protection, exemptions or friendly enforcement, from those who hold power. When rents are easy to get, firms invest less in productivity and innovation, and officials gain power to grant or withhold favours. It is a key obstacle to genuine reform.

Why Earlier Reforms Fell Short

- **Rules changed, institutions did not:** the government has simplified some rules: tax consolidation through the Goods and Services Tax (GST), company incorporation, labour codes and decriminalisation. But changing formal rules is not the same as changing the conditions in which they are applied. New complexity has appeared elsewhere, through unclear quality control orders, uncertain tax enforcement and many small regulations affecting citizens.
- **Rents have moved, not vanished:** centralising and digitising processes was meant to reduce corruption, but more actors at different levels of government continue to extract rents, sometimes finding ways around digital systems.
- **Wrong measure of success:** progress is often measured by rankings and rule changes (such as the now-discontinued World Bank Ease of Doing Business index), not by whether businesses and citizens actually face fewer obstacles.
- **People problem:** the reported identification of 11 types of bureaucrats with different attitudes is itself an admission of a human-resource problem at the top of the bureaucracy.

The Deeper Problem: A Philosophy of Control

The critique holds that lasting reform requires the state to be committed, by principle and instinct, to three things: **presumptive trust in citizens**, **decentralisation** of power to the right level of government, and **opposition to unnecessary surveillance and control**. On all three, it argues, the current approach falls short. Citizens and businesses are often treated as potential sources of disorder or evasion; more data collection gives officials more discretion to intervene; and governance has become highly **centralised**, fiscally, administratively and politically, with States and local bodies under closer central control rather than strengthened as the 73rd

and 74th Amendments intended. The state can deliver well in "mission mode", as with highways or targeted industrial policy, but broad, trust-based reform needs a different mindset.

The Other Side

The government and its supporters point to substantial achievements: GST, the Insolvency and Bankruptcy Code, the four Labour Codes, faceless tax assessment, decriminalisation of hundreds of minor offences, the scrapping of retrospective taxation in 2021, rapid infrastructure building, and digital public infrastructure such as Aadhaar, UPI and DigiLocker that has made many services faster and less corrupt. Central coordination, they argue, has been necessary to deliver at scale in a large and diverse country. India's rising position in global rankings of logistics and innovation, and strong foreign investor interest, also suggest progress. From this view, Administrative Reforms 3.0 is a natural next step, not an admission of failure.

What Real Reform Would Need

- **Trust-based regulation:** self-certification and random checks instead of prior approvals for low-risk activities, with strict penalties for misuse.
- **Decentralisation:** real powers, funds and staff for States and local bodies, in the spirit of cooperative federalism.
- **Outcome-based measurement:** judge reforms by time and cost actually saved by firms and citizens, measured independently.
- **Accountability of the bureaucracy:** performance-linked careers, protection for honest decisions, and penalties for harassment and rent-seeking.

India's reform debate is moving from **what rules to change** to **how the state behaves**. Whichever view one takes, the core point stands: reforms succeed only when the institutions that implement them change too. For Administrative Reforms 3.0 to mean more than another top-down exercise, the reformer itself, the machinery of government, must be part of what is reformed.

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