Editorial of the Day – 14.05.2026

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1. Elusive peace - On the Russia-Ukraine war (TH)

GS Paper II - International Relations

Topic - Important International institutions, agencies and fora - their structure, mandate; Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests.

Sub-Topic - Collective Defence, NATO Expansion, and India's Strategic Autonomy.

1. Introduction

Established on April 4, 1949, in the aftermath of World War II, NATO is a trans-Atlantic intergovernmental military and political alliance. Headquartered in Brussels, Belgium, the organization was originally conceived to provide collective security against the Soviet Union during the Cold War. Today, it remains a central pillar of global security, adapting its mandate to include cyber defense, counter-terrorism, and crisis management.

2. Formation and Background

The Washington Treaty - NATO was founded via the North Atlantic Treaty (Washington Treaty) with 12 founding members.

Founding Context - It emerged from the need for a united security front in Europe and North America to prevent the resurgence of nationalism and deter external aggression.

Cold War Era - It served as the primary Western military bloc, maintaining a "tripwire" force to ensure regional stability.

3. Main Objectives and Core Principles

The alliance operates on the principle that political and military means must be used to protect the freedom and security of its members.

Collective Defence - The bedrock of NATO is Article 5, which stipulates that an armed attack against one member is considered an attack against all.

1. *Historical Use* - Article 5 has been invoked only once—following the 9/11 attacks on the United States.

Political Consultation - It provides a forum where members can consult on security issues and take collaborative action.

Modern Challenges - Its scope has expanded to address hybrid warfare, maritime security, and the protection of critical infrastructure from cyber-attacks.

4. Membership and Expansion

Current Strength - NATO now consists of 32 member countries.

Recent Accessions - In response to heightened security concerns in Eastern Europe, Finland (2023) and Sweden (2024) abandoned their long-standing neutrality to join the alliance.

Open Door Policy - Under Article 10, any European country in a position to further the principles of the Treaty can be invited to join, provided there is unanimous consensus among existing members.

5. Organizational and Military Structure

North Atlantic Council (NAC) - The principal political decision-making body.

Secretary General - The top international civil servant who leads the alliance's political process.

Integrated Military Command - Allows for the seamless coordination of national forces during joint exercises or active operations.
Consensus-Based Decisions - All decisions are reached by consensus, reflecting the collective will of all 32 sovereign states.

6. NATO and Russia - The Strategic Friction

The relationship with Russia is the most significant external factor affecting NATO's current posture -
Expansion Concerns - Russia views NATO's eastward expansion into former Soviet spheres of influence as an existential threat.
The Ukraine Context - The ongoing conflict in Ukraine has led NATO to significantly enhance its "Enhanced Forward Presence" in Eastern Europe (Poland and the Baltic states).
Deterrence Posture - The alliance has transitioned back to a "Cold War-style" focus on high-end conventional deterrence.

7. India's Perspective on NATO

India maintains a nuanced and independent relationship with the alliance -
Non-Membership - India is not a member of NATO and generally avoids formal military alliances to preserve its Strategic Autonomy.
Individual Partnerships - India maintains strong bilateral defense ties with many NATO members (e.g., USA, France, and the UK).
Limited Engagement - Interaction is restricted to functional areas like maritime security, exchange of perspectives on regional security, and counter-terrorism.
Strategic Caution - India remains wary of any NATO involvement that might complicate its sensitive relationship with Russia or pull it into trans-Atlantic conflicts.

8. Importance and Challenges

Security Guarantee - Provides a credible nuclear and conventional "umbrella" for European members.
Global Influence - NATO's operations in the Balkans, Afghanistan, and anti-piracy missions in the Gulf of Aden demonstrate its ability to project power globally.
Internal Challenges - Balancing the differing security priorities of 32 nations and ensuring that all members meet the 2% GDP defense spending target remains a persistent challenge.

Conclusion

NATO remains the world's most successful military alliance, surviving long after its original Cold War adversary collapsed. In an increasingly multipolar world, its relevance has been rejuvenated by the return of state-on-state conflict in Europe. For India, NATO's activities are a critical variable in the global security equation, necessitating a policy of engagement without entanglement.
Source - [https -//www.thehindu.com/opinion/editorial/elusive-peace-on-the-russia-ukraine-war/article70970353.ece](https://www.thehindu.com/opinion/editorial/elusive-peace-on-the-russia-ukraine-war/article70970353.ece)

Question

"The expansion of NATO in the 21st century marks a transition from a Cold War relic to a central arbiter of contemporary European security. Examine the significance of Article 5 in this transition and its implications for India's policy of 'Strategic Autonomy'." (250 Words, 15 Marks)

1. Introduction

Formed in 1949 to deter Soviet expansionism, the North Atlantic Treaty Organization (NATO) has recently experienced a "strategic rebirth." With the accession of Finland (2023) and Sweden (2024), the alliance has grown to 32 members, signalling a shift from post-Cold War stagnation to a proactive posture necessitated by the return of state-on-state conflict in Europe.

2. The Significance of Article 5 in the Modern Era

Article 5, the collective defense clause, remains the gravitational center of the alliance -

The Deterrence Effect - It ensures that any localized aggression in Eastern Europe carries the risk of a full-scale trans-Atlantic response. This "nuclear and conventional umbrella" is the primary driver behind the recent applications of historically neutral nations.

Expansion of Scope - Originally designed for conventional territorial attacks, Article 5 is being reinterpreted to cover hybrid threats, including large-scale cyber-attacks and interference in critical infrastructure, making NATO relevant to 21st-century warfare.

Political Cohesion - While invoked only once (post-9/11), the mere existence of Article 5 enforces a mandatory consultation process through the North Atlantic Council (NAC), ensuring that security decisions are reached by consensus.

3. Implications for India's Strategic Autonomy

NATO's resurgence presents a complex diplomatic landscape for India -

Pressure on Neutrality - As NATO consolidates its stance against Russia, India's "middle path" and its deep defense ties with Moscow face increasing pressure from Western partners to align with the trans-Atlantic security architecture.

Functional Cooperation - India maintains a policy of "engagement without entanglement." While it cooperates with individual NATO members like the US and France on maritime security and counter-terrorism, it steadfastly avoids formal military alliances to prevent being drawn into European conflicts.

The Indo-Pacific Variable - NATO's growing interest in the Indo-Pacific to counter China aligns with some of India's security interests. However, India remains cautious that a formal NATO "link" might provoke regional sensitivities and compromise its independent decision-making.

4. Challenges to the Alliance

Despite its expansion, NATO faces internal and external stressors -

Burden Sharing - The persistent debate over European members meeting the 2% GDP defense spending target.

Russia's "Red Lines" - The perception of NATO's "eastward encirclement" remains a primary driver of volatility in regional strategic stability.

Conclusion

Examing NATO's current trajectory reveals an organization that has successfully adapted its 1949 mandate to address the geopolitical realities of 2026. For India, the challenge lies in navigating this revitalized alliance by leveraging bilateral defense synergies while guarding its Strategic Autonomy. In a multipolar world, India's priority remains a rules-based order that respects regional sensitivities without necessitating a return to rigid bloc-based security.

Source - [https -//www.thehindu.com/opinion/editorial/elusive-peace-on-the-russia-ukraine-war/article70970353.ece](https://www.thehindu.com/opinion/editorial/elusive-peace-on-the-russia-ukraine-war/article70970353.ece)

2. NEET-UG cancelled - Why this is a first, what happened in past paper leak cases (IE)

GS Paper II - Governance / Social Justice (Education)

Topic - Issues relating to development and management of Social Sector/Services relating to Education; Government policies and interventions for development in various sectors.

Sub-Topic - Examination Reforms, National Testing Agency (NTA) Accountability, and Digital Governance.

1. Introduction

In May 2026, the National Testing Agency (NTA) cancelled the NEET-UG examination following evidence of organized paper leaks. Affecting approximately 23 lakh aspirants, the crisis has renewed the debate on the structural differences between NEET (offline) and JEE (online), the credibility of the NTA, and the necessity of transitioning toward a more secure, computer-based testing (CBT) environment.

2. NEET vs. JEE - A Comparative Analysis

The Joint Entrance Examination (JEE) has maintained higher credibility than NEET due to fundamental operational differences -

Mode of Conduct - NEET remains an offline pen-and-paper exam, whereas JEE is a Computer-Based Test (CBT).

Logistical Scale - NEET caters to ~23 lakh candidates annually, nearly double the ~14 lakh who appear for JEE.

Administrative Oversight - JEE Main is conducted by the NTA, but JEE Advanced is managed by the elite IIT system, which maintains a specialized, high-security infrastructure.

Socio-Economic Pressure - The scarcity of affordable government medical seats creates an intense "high-stakes" environment, incentivizing organized crime and paper-leak syndicates.

3. Vulnerabilities of the Offline (Pen-and-Paper) Model

The offline nature of NEET creates multiple "failure points" in its security chain -

Physical Logistics - Question papers must be printed, stored in vaults, and transported across thousands of centers. Each physical touchpoint is a potential leakage site.

Human Interfaces - Involvement of printing press staff, logistics personnel, local administrators, and invigilators increases the probability of a security breach.

Simultaneous Security - Monitoring thousands of offline centers nationwide for over 2 million students is an administrative nightmare compared to a centralized digital server.

4. The Computer-Based Test (CBT) Advantage

Transitioning to digital exams offers robust safeguards -

Encrypted Delivery - Question papers are generated digitally at the center, eliminating the risks associated with physical transportation.

Randomization - Large question banks and AI-driven randomization make it nearly impossible to predict or access the specific paper beforehand.

Digital Auditing - CBT systems allow for real-time surveillance, biometric logs, and digital footprints, making it easier to detect and trace suspicious activities.

5. Barriers to Implementing CBT for NEET

Despite the benefits, several challenges hinder a complete digital transition for NEET -

Infrastructure Deficit - India lacks the massive digital infrastructure required to host 2.3 million students in a single shift.

The Normalization Dispute - To conduct CBT over multiple shifts, "normalization" of scores is required. This often leads to litigation regarding the fairness of varying difficulty levels.

Digital Divide - Students from rural and economically weaker sections may face a disadvantage compared to urban peers familiar with digital interfaces.

6. Institutional and Social Implications

National Testing Agency (NTA) - Established in 2017 to professionalize testing, the NTA now faces an "accountability crisis." Repeated failures have weakened public trust in its capacity.

Psychological and Financial Strain - Cancellations cause immense stress for students and delay the academic calendar. Honest students from poor backgrounds suffer the most as they rely solely on merit-based selection.

Erosion of Meritocracy - Persistent leaks suggest that "access to wealth" can bypass "access to merit," threatening the core values of the Indian education system.

7. Way Forward - Strategic Reforms

Technological Integration - Adopting blockchain for paper storage, biometric verification, and end-to-end encrypted servers.

Phased Digitalization - Expanding CBT centers in a phased manner to eventually accommodate the full NEET candidate base.
Legal Deterrence - Implementing a stringent central law specifically targeting organized paper-leak syndicates with heavy penalties and fast-track trials.
Independent Oversight - Creating a permanent, independent audit body to monitor the NTA's operational protocols and conduct regular "stress tests" of the examination system.

Conclusion

The 2026 NEET crisis is a wake-up call for the "Elephant in the Data Room"—the vulnerability of offline national exams. While the scale of NEET is daunting, the future of India's meritocracy depends on a secure digital-first approach. Only by combining institutional accountability with technological resilience can the government restore the sanctity of competitive examinations and protect the aspirations of millions of Indian students.
Source - [https -//indianexpress.com/article/explained/neet-ug-cancelled-paper-leak-nta-explained-10685410/](https://indianexpress.com/article/explained/neet-ug-cancelled-paper-leak-nta-explained-10685410/)

Question

"The frequent cancellation of high-stakes examinations like NEET-UG reflects a 'crisis of institutional credibility' rather than just a 'logistical failure'. Critically analyze the impact of such systemic lapses on the socio-economic aspirations of vulnerable sections and suggest reforms to restore the sanctity of India's merit-based selection system." (250 Words, 15 Marks)

1. Introduction

The 2026 cancellation of the NEET-UG examination following evidence of organized paper leaks has exposed deep-seated vulnerabilities in the National Testing Agency's (NTA) governance. This is no longer merely a logistical hurdle but an institutional crisis that threatens the foundational promise of equality of opportunity (Article 16) and meritocracy in India.

2. Impact on Socio-Economic Aspirations

Systemic lapses in examination integrity create a skewed playing field -
Erosion of Equity - While affluent students may have "safety nets" (private seats or multiple attempts), students from economically weaker sections (EWS) depend solely on merit-based government seats. Paper leaks ensure that "access to wealth" overrides "access to merit."
Psychological and Financial Burden - Frequent cancellations inflict severe mental trauma on nearly 23 lakh aspirants. Furthermore, the cost of re-traveling to centers and extended coaching stays places a disproportionate financial burden on rural families.
Institutional Trust Deficit - When the "gatekeeper of merit" (NTA) fails repeatedly, it leads to a breakdown of public trust in the state's ability to conduct fair selections, potentially leading to social unrest and increased litigation.

3. Strategic Reforms - The Path to Sanctity

Restoring faith in the system requires a multi-pronged approach -
Technological Overhaul - Transitioning from the vulnerable offline pen-and-paper **mode** to an end-to-end encrypted Computer-Based Test (CBT). Implementing blockchain for paper storage and AI-based proctoring can significantly reduce human intervention.
Institutional Accountability - Making the NTA an independent, statutory body with a permanent audit cell. There must be "Zero Tolerance" policies where senior officials are held administratively responsible for security breaches.
Legal Deterrence - Enacting a stringent Central Law—the Public Examinations (Prevention of Unfair Means) Act—to ensure fast-track trials and life imprisonment for members of organized paper-leak syndicates.
Decentralized Coordination - While maintaining a national standard, the logistics could be decentralized to premier regional institutions (like IITs or AIIMS) to ensure tighter localized security.

Conclusion

The sanctity of competitive examinations is the bedrock of social mobility in India. A "Critically Analytical" view suggests that while technology is a tool for reform, the solution lies in administrative probity. Only by shielding the NTA from external pressures and enforcing rigorous accountability can the government protect the dreams of millions of aspirants and uphold the constitutional value of justice.

Source - https -//indianexpress.com/article/explained/neet-ug-cancelled-paper-leak-nta-explained-10685410/

3. Global Size Via Bank Consolidation (BL)

General Studies Paper - General Studies Paper III – Indian Economy

Topic - Banking sector reforms

Sub-Topic - Non-Banking Financial Companies (NBFCs)

Introduction

India's banking sector has undergone major restructuring through consolidation, recapitalisation, and regulatory reforms. Large banks are increasingly viewed as necessary for financing infrastructure, competing globally, and supporting economic growth. However, the article argues that bank consolidation alone cannot guarantee financial stability or efficiency. Policymakers must also address governance weaknesses, NBFC vulnerabilities, technological risks, and credit-quality concerns to create a resilient banking system.

1. Meaning of Bank Consolidation

Definition

1. Bank consolidation refers to the merger or amalgamation of smaller banks into larger banking entities.

Objectives of Consolidation

1. Improve operational efficiency and capital strength.
2. Create globally competitive banks.
3. Enhance lending capacity for large infrastructure projects.

2. Need for Large Banks in India

Financing Development Needs

1. Large infrastructure and industrial projects require strong balance sheets and large-scale financing capacity.

Global Competitiveness

1. India seeks globally competitive banks capable of supporting international trade and investment.

Economies of Scale

1. Larger banks can reduce operational costs through technology integration and branch rationalisation.

3. Public Sector Bank (PSB) Consolidation in India

Recent Consolidation Process

1. Several PSBs were merged to create fewer but larger banking entities.

Expected Benefits

1. Improved efficiency, better capital utilisation, and enhanced lending capacity were key goals.

Structural Transformation

1. Consolidation changed the banking landscape from fragmented PSBs to larger integrated institutions.

4. Concerns Regarding Consolidation

Bigger Size Does Not Guarantee Stability

1. Large banks may still face governance failures and bad-loan problems.

Risk of Concentrated Exposure

1. Bigger banks may become "too big to fail," increasing systemic risks.

Operational Integration Challenges

1. Mergers can create technological, cultural, and administrative integration difficulties.

5. Asset-Liability Mismatch (ALM) Issues

Meaning of ALM Risk

1. Asset-Liability Mismatch occurs when the maturity profiles of assets and liabilities differ significantly.

Banking Sector Implications

1. Poor ALM management can create liquidity stress and financial instability.

Importance of Risk Management

1. Strong monitoring systems are necessary to reduce liquidity vulnerabilities.

6. Non-Performing Assets (NPAs) and Credit Risks

Reduction in Gross NPAs

1. Indian banks have reduced NPAs through write-offs, recoveries, and insolvency reforms.

Concerns About Write-Offs

1. Reduction in NPAs partly reflects technical write-offs rather than full recovery of stressed assets.

Credit Quality Monitoring

1. Sustainable banking health depends on improving lending standards and recovery mechanisms.

7. NBFC Sector Vulnerabilities

Importance of NBFCs

1. NBFCs play a major role in credit delivery, especially for underserved sectors.

Structural Weaknesses

1. Many NBFCs depend heavily on market borrowings rather than deposits.

Contagion Risks

1. Financial stress in large NBFCs can affect the broader banking and financial system.

8. RBI's Regulatory Role

Scale-Based Regulation (SBR)

1. RBI has introduced differentiated regulatory frameworks for NBFCs based on their size and risk profile.

Prudential Oversight

1. Enhanced supervision aims to strengthen financial stability.

Risk-Based Regulation

1. Regulators increasingly focus on systemic risks and interconnectedness within the financial sector.

9. Technological Changes and Banking Risks

Expansion of Digital Banking

1. Artificial Intelligence, digital payments, and fintech are transforming banking operations.

Cybersecurity Concerns

1. Increased digitalisation raises risks of cyber fraud and operational disruptions.

Need for Technological Preparedness

1. Banks must strengthen cybersecurity and digital governance systems.

10. Regional and Small Banks Matter Too

Role of Small Banks and RRBs

1. Regional Rural Banks (RRBs) and smaller institutions remain important for financial inclusion.

Localised Banking Advantages

1. Smaller banks often possess stronger local understanding and customer relationships.

Balanced Banking Ecosystem

1. Both large and small banks are necessary for inclusive economic development.

11. Way Forward

Strengthen Governance Standards

1. Improve transparency, accountability, and professional management in banks.

Improve Risk Management

1. Stronger ALM frameworks and credit appraisal systems are essential.

Address NBFC Vulnerabilities

1. Enhance supervision and reduce excessive leverage within NBFCs.

Build Technological Resilience

1. Invest in cybersecurity and digital infrastructure protection.

Promote Balanced Financial Architecture

1. Large banks should coexist with strong regional and specialised financial institutions.

Conclusion

Bank consolidation can strengthen India's financial system by creating larger and more efficient institutions. However, sustainable banking stability requires strong governance, prudent regulation, technological resilience, and balanced financial-sector development rather than size alone.

Source - https -//www.thehindubusinessline.com/opinion/global-size-via-bank-consolidation/article70975196.ece

Question

Q. "Bank consolidation may improve scale and efficiency, but it cannot by itself guarantee financial stability." Examine in the context of India's banking reforms. (250 words)

Introduction

India has pursued bank consolidation to create stronger financial institutions capable of supporting economic growth and global competitiveness. However, financial stability depends not only on size but also on governance, regulation, and risk management.

Benefits of Bank Consolidation

1. Larger banks possess greater lending capacity for infrastructure and industrial projects.
2. Economies of scale improve operational efficiency and technological integration.
3. Consolidation can strengthen capital adequacy and competitiveness.

Continuing Challenges

1. Large banks may still suffer from governance failures and bad loans.
2. Asset-Liability Mismatch (ALM) risks can create liquidity stress.
3. Reduction in NPAs has partly relied on technical write-offs.
4. NBFC vulnerabilities can create systemic financial contagion.
5. Digital banking expansion increases cybersecurity and operational risks.

Measures Required

1. Strengthen prudential regulation and supervisory oversight.
2. Improve credit appraisal and risk-management systems.
3. Enhance governance standards and accountability in banks.
4. Address NBFC vulnerabilities through effective regulation.
5. Build technological and cybersecurity resilience.

Conclusion

Bank consolidation is an important reform measure, but financial stability ultimately depends on strong institutions, prudent regulation, technological preparedness, and sound governance practices across the entire financial ecosystem.

Source - https -//www.thehindubusinessline.com/opinion/global-size-via-bank-consolidation/article70975196.ece

4. After Freebies, The Fiscal Reality (Bs)

General Studies Paper - General Studies Paper II – Governance and Welfare Schemes

Topic - Fiscal policy and fiscal federalism

Sub-Topic - Welfare schemes and subsidies

Introduction

In recent years, competitive electoral politics in India has increasingly revolved around welfare promises and “freebies” such as free electricity, cash transfers, subsidised transport, and welfare allowances. While such measures may provide immediate relief and political appeal, the article argues that many Indian states face severe fiscal constraints and rising debt burdens. Therefore, unchecked expansion of populist expenditure may weaken long-term fiscal sustainability and developmental capacity.

1. Meaning of Freebies and Welfare Promises

Definition of Freebies

1. Freebies refer to goods, services, subsidies, or cash transfers provided either free of cost or at highly subsidised rates.

Political Context

1. Welfare promises increasingly influence electoral competition among political parties.

Difference Between Welfare and Populism

1. Productive welfare enhances human development, whereas fiscally unsustainable giveaways may weaken long-term economic stability.

2. Reasons Behind the Rise of Freebie Politics

Electoral Competition

1. Political parties use welfare promises to attract broad voter support.

Social and Economic Distress

1. Poverty, unemployment, inflation, and inequality increase demand for state support.

Expanding Welfare Expectations

1. Citizens increasingly expect governments to provide direct economic assistance.

3. Fiscal Challenges Faced by States

Limited Fiscal Space

1. Many state governments already face high debt and revenue constraints.

Rising Revenue Expenditure

1. Freebie schemes increase recurring expenditure obligations.

Weak Revenue Mobilisation

1. States often struggle to generate sufficient tax and non-tax revenues.

4. Debt Burden and Fiscal Sustainability

Growing State Debt

1. Excessive welfare expenditure may increase borrowing requirements.

Interest Payment Pressures

1. High debt raises interest burdens, reducing developmental expenditure capacity.

Long-Term Fiscal Risks

1. Persistent fiscal deficits may weaken macroeconomic stability.

5. Impact on Developmental Expenditure

Crowding Out of Capital Expenditure

1. Excessive subsidy expenditure may reduce investments in infrastructure, education, and healthcare.

Reduced Productive Spending

1. States may prioritise politically attractive schemes over long-term developmental projects.

Impact on Future Growth

1. Weak capital expenditure can reduce future economic productivity and employment generation.

6. Fiscal Federalism and State Finances

Role of Finance Commission

1. Transfers from the Union government significantly influence state finances.

Dependence on Central Transfers

1. Some states rely heavily on central devolution and grants.

Uneven Fiscal Capacity

1. Fiscal health varies widely across states.

7. Welfare Versus Fiscal Prudence Debate

Arguments Supporting Welfare Measures

1. Welfare schemes can reduce poverty and support vulnerable groups.
2. Cash transfers and subsidies may improve social security and consumption demand.

Concerns Regarding Freebies

1. Unsustainable promises may create long-term fiscal stress.
2. Politically motivated spending may not always improve productive capacity.

8. Economic Consequences of Excessive Freebies

Inflationary Pressures

1. Excessive revenue expenditure can contribute to fiscal imbalances.

Reduced Investor Confidence

1. Weak fiscal discipline may affect state borrowing costs and investment climate.

Intergenerational Burden

1. Future generations may bear the costs of rising public debt.

9. Need for Better Welfare Design

Targeted Welfare

1. Welfare support should focus on vulnerable and economically weaker sections.

Productive Social Investment

1. Education, healthcare, nutrition, and skill development create long-term benefits.

Outcome-Oriented Governance

1. Welfare programmes should improve human capital and productivity.

10. Way Forward

Maintain Fiscal Discipline

1. States should adhere to fiscal responsibility frameworks and debt limits.

Prioritise Capital Expenditure

1. Infrastructure and productive investment must receive greater attention.

Improve Revenue Mobilisation

1. Strengthening tax administration and economic growth can improve fiscal capacity.

Rationalise Subsidies

1. Welfare schemes should be targeted, transparent, and financially sustainable.

Balance Welfare and Growth

1. Governments must combine social protection with long-term developmental priorities.

Conclusion

Welfare measures remain important for social justice and inclusive growth. However, excessive dependence on fiscally unsustainable freebies can weaken developmental capacity, increase debt burdens, and undermine long-term economic stability. Sustainable governance requires balancing welfare commitments with fiscal prudence and productive investment.

Source - https -//www.business-standard.com/opinion/columns/after-promise-of-freebies-new-state-governments-must-face-fiscal-reality-126051301784_1.html

Question

Q. "While welfare measures are necessary for inclusive development, fiscally unsustainable freebies may undermine long-term economic stability." Discuss in the context of Indian states. (250 words)

Introduction

Competitive electoral politics in India has led to the increasing use of welfare promises and freebies by political parties. While such measures may provide short-term relief to citizens, concerns regarding fiscal sustainability and developmental priorities have intensified.

Importance of Welfare Measures

1. Welfare schemes support vulnerable and economically weaker sections.
2. Subsidies and cash transfers can reduce poverty and improve social security.
3. Welfare spending may stimulate consumption and improve living standards.

Concerns Regarding Excessive Freebies

1. Rising revenue expenditure increases fiscal deficits and public debt.
2. Excessive borrowing raises future interest payment burdens.
3. Freebies may crowd out productive capital expenditure on infrastructure and human development.
4. Politically motivated spending may weaken long-term fiscal discipline.

Measures Required

1. Welfare schemes should be targeted and outcome-oriented.
2. States must strengthen revenue mobilisation and fiscal management.
3. Greater focus should be placed on education, healthcare, infrastructure, and employment generation.
4. Fiscal Responsibility and Budget Management (FRBM) principles should be followed.

Conclusion

A balance between social welfare and fiscal prudence is essential for sustainable development. Welfare policies should empower citizens and strengthen human capital without undermining long-term fiscal stability and economic growth.

Source - https -//www.business-standard.com/opinion/columns/after-promise-of-freebies-new-state-governments-must-face-fiscal-reality-126051301784_1.html