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Daily News Feed

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Households are piling on debt faster than creating assets, RBI data show

T.C.A. Sharad Raghavan
NEW DELHI

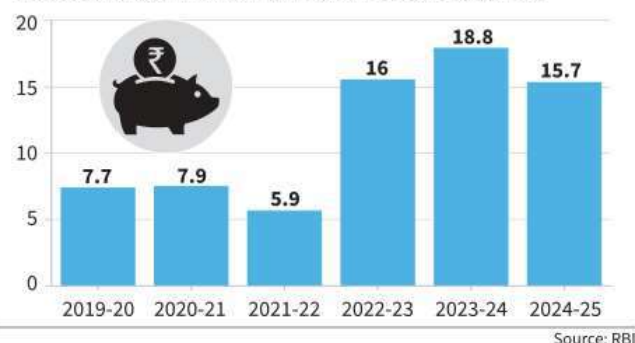
The annual financial debt accumulated by Indian households has grown faster than their annual financial assets since the pre-pandemic year 2019-20, an analysis of Reserve Bank of India data has found.

The amount of financial assets added each year has grown 48% between 2019 and 2025, while the annual liabilities have grown 102% over that period. Even as a percentage of Gross Domestic Product (GDP), the annual financial asset addition is lower this year than before the pandemic, while the annual liabilities added are higher.

Data also reveal a significant shift in the way Indians save, with mutual funds becoming a popular

Rising debt

The chart shows total annual liabilities of Indian households, in ₹ lakh crore. Indian households are adding a much higher level of debt each year now compared to the COVID-19 period



instrument for households to invest their money.

Households added ₹24.1 lakh crore to their financial assets in 2019-20, which grew to ₹35.6 lakh crore in 2024-25, the latest period for which the RBI has released data. This is a growth of 48%. On the other

hand, households added ₹15.7 lakh crore worth of financial liabilities to their portfolios in 2024-25, which is 102% higher than the ₹7.5 lakh crore they added in 2019-20.

The financial assets added by Indian households each year stood at 12% of

India's GDP in 2019-20, which declined to 10.8% by 2024-25. This figure has remained largely stable at this level in the post-pandemic period.

Financial liabilities of Indian households, on the other hand, made up 3.9% of GDP in 2019, which increased to 4.7% in 2024-25. Here, however, the situation has improved recently, with this proportion having hit a post-pandemic peak of 6.2% in 2023-24 before declining in 2024-25.

The data also show the changing nature of the way in which households are saving and investing money. For example, bank deposits have remained the main destination for household savings, but mutual funds have seen their share grow rapidly over the last few years.

English Summary:

The Reserve Bank of India (RBI) has reported that **Indian households' financial liabilities are growing at twice the pace of their asset creation** since the pre-pandemic period. Between **2019 and 2025**, annual household financial assets have increased by **48%**, while liabilities have surged by **102%**. Although savings and investments remain robust in volume terms, the **rate of debt accumulation**—particularly through **personal loans, housing loans, and credit cards**—has outpaced asset growth, reflecting **post-pandemic consumption patterns and easy credit availability**.

Key Data Highlights:

Indicator	FY 2019-20	FY 2024-25	Growth %
Financial Assets Added	₹24.1 lakh crore	₹35.6 lakh crore	+48%
Financial Liabilities Added	₹7.5 lakh crore	₹15.7 lakh crore	+102%
Assets as % of GDP	12%	10.8%	↓
Liabilities as % of GDP	3.9%	4.7%	↑
Post-pandemic Peak in Liabilities (2023-24)	—	6.2% of GDP	—

Key Findings from RBI Data:

- **Debt Growth Outpaces Savings:**
Household debt is **rising faster** than income or asset creation. The **annual liabilities doubled** between FY20 and FY25.
- **Decline in Asset-to-GDP Ratio:**
Financial assets as a share of GDP fell from **12% in FY20** to **10.8% in FY25**, despite nominal growth in rupee terms.
- **Rising Leverage:**
Household debt now constitutes **4.7% of GDP**, up from **3.9% in FY19**, peaking at **6.2%** in FY24 before stabilizing.
- **Shift in Investment Behaviour:**
There's a noticeable shift from traditional **bank deposits** to **mutual funds** and **market-linked instruments** as preferred savings options.
- **Consumption-Driven Borrowing:**
Post-pandemic, **consumer loans, housing credit, and digital credit** have driven the spike in liabilities.

Structural Interpretation:

Trend	Interpretation
Easy Credit Availability	Banks and NBFCs aggressively expanding retail credit due to demand slowdown in corporate sector.
Post-COVID Consumption Boom	Families taking loans for housing, vehicles, education, and lifestyle upgrades.
Shift to Financial Instruments	Mutual funds gaining at the expense of bank FDs; higher risk appetite post-pandemic.
Stagnant Real Wages	Slower income growth compared to credit access leading to debt dependency.
Urban Household Leverage	Rising household debt concentrated in urban salaried segments.

RBI Analysis on GDP Link:

- In **FY2019–20**, household savings were **12% of GDP**, now **10.8%**.
- **Liabilities** rose from **3.9% of GDP (FY19)** to **4.7% (FY25)**.
- The imbalance reflects **low real returns, persistent inflation, and higher credit dependence**.

Broader Economic Implications:

Domain	Impact
Monetary Stability	Rising retail debt may heighten financial vulnerability amid interest rate changes.
Savings Rate Decline	Lower household savings may constrain India's investment-driven growth model.
Consumption Boost	Short-term consumption growth may mask long-term debt risks.
Inflation Sensitivity	Higher EMIs reduce disposable income, worsening inflation pass-through.
Wealth Inequality	Credit-led consumption mostly benefits middle- and upper-income groups.

RBI Chart Insight:

Chart Title: Rising Debt

- FY19–20: ₹7.7 lakh crore
- FY20–21: ₹7.9 lakh crore
- FY21–22: ₹5.9 lakh crore (*COVID-19 impact*)
- FY22–23: ₹16 lakh crore (*rebound due to pent-up demand*)

- FY23-24: ₹18.8 lakh crore (*peak*)
- FY24-25: ₹15.7 lakh crore (*stabilisation*)

RBI Observations:

- The rise in **financial liabilities** has been **fueled by personal loans and housing credit**.
- **Mutual funds and insurance** are emerging as the top instruments for household investment.
- **Bank deposits** continue to dominate savings but their **relative share has declined**.

Analytical Perspective:

- The trend underscores a **structural imbalance** between asset creation and debt accumulation.
- **Financial literacy and credit discipline** must improve to prevent over-leveraging.
- Policymakers may need to **incentivize savings** through tax and interest rate reforms.

Hindi Summary (हिंदी सारांश):

भारतीय घरों की वित्तीय देनदारियाँ (Financial Liabilities) उनकी वित्तीय परिसंपत्तियों (Financial Assets) से काफी तेजी से बढ़ रही हैं, ऐसा भारतीय रिज़र्व बैंक (RBI) के ताज़ा आँकड़ों से पता चला है।

- 2019-20 से 2024-25 के बीच घरों की वार्षिक देनदारियाँ 102% बढ़ीं जबकि परिसंपत्तियाँ सिर्फ 48% बढ़ीं।
- वित्तीय परिसंपत्तियाँ अब GDP का 10.8% हैं (पहले 12% थीं), जबकि देनदारियाँ 4.7% तक बढ़ गईं।
- बैंक जमा (Bank Deposits) अभी भी मुख्य बचत माध्यम हैं, लेकिन म्यूचुअल फंड्स का हिस्सा तेज़ी से बढ़ा है।
- यह प्रवृत्ति बताती है कि परिवार ऋण-आधारित उपभोग (Debt-led Consumption) पर अधिक निर्भर हो गए हैं।

UPSC Mains Practice Question:

"Indian households are increasingly shifting from savers to borrowers. Discuss the macroeconomic implications of this trend with reference to RBI data (2019-2025)."
(250 words – GS Paper 3)

Kerala becomes first State to declare itself free of extreme poverty

The Hindu Bureau
THIRUVANANTHAPURAM

Chief Minister Pinarayi Vijayan declared Kerala 'free from extreme poverty' at a special session of the Assembly on the occasion of the State Formation Day (Kerala Piravi) on Saturday, making it the first State to do so.

The Opposition United Democratic Front walked out of the session questioning the propriety of convening a special session just for the Chief Minister to make a statement under Rule 300 of the House procedures. Leader of the Opposition V.D. Satheesan also called it a "hollow proclamation".

Mr. Vijayan, who called

this year's Kerala Piravi the birth of a new era, spoke at length about the four-year long process that led to the declaration. Refuting the Opposition charge that the declaration was a publicity stunt ahead of the local body elections, he said that the implementation of the Extreme Poverty Eradication Programme was a decision taken in the first Cabinet meeting of the Left Democratic Front in 2021.

Programme process

"We only make promises we can fulfil and we have fulfilled what we promised," he said. "This proud achievement belongs to the entire people of Kerala. We are witnessing a historic moment," the

Chief Minister said. He said that the process of identifying the extremely poor families began within two months of that decision, with active public participation, including local body representatives, Kudumbashree workers, volunteers and officials.

The families identified through data collection at the local body level were scrutinised and recommended by ward committees. This was subjected to another check and a draft list was prepared. This list was presented to the grama sabhas and from it, 1,03,099 individuals from 64,006 families were identified as extremely poor. Considering food, health, housing and income as the



Chief Minister Pinarayi Vijayan giving the report declaring Kerala free from extreme poverty to actor Mammootty. NISARGA HANSGIRAN

critical factors for identifying the extremely poor, micro plans were prepared for each family.

In the first phase of the project, essential documents were provided to

21,263 people, who were struggling without even the basic documents. Regular supply of food has now been ensured through Kudumbashree for 20,648 extremely poor families.

Health services, access to medicines, vaccinations, palliative care and organ transplants have been ensured, he said.

MGNREGS roped in

Houses were provided under the LIFE mission for 4,677 families, while 2,713 families were provided land and houses. Livelihood support was provided to 4,394 families. A total of 35,041 families were made part of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

A scheme to provide special attention to 5,583 children through the Education Department and free travel for educational purposes was implemented.

Scholarships were provided to 331 students. A total of 28 single-member families were shifted to safe shelter homes.

"The process of eradicating extreme poverty is a continuation of the steps taken earlier for the universal public distribution system and for the eradication of landlessness and homelessness. Kerala has made remarkable progress in the Sustainable Development Index envisioned by the UN by eradicating extreme poverty. Our State is a laboratory for many welfare activities. In terms of extreme poverty alleviation too, we can hope our experiments will become a model other States can benefit from," he added.

English Summary:

On Kerala Piravi Day (State Formation Day), Chief Minister Pinarayi Vijayan announced that Kerala has become the first State in India to be declared "free from extreme poverty."

The declaration follows a four-year-long implementation of the Extreme Poverty Eradication Programme, launched by the Left Democratic Front (LDF) government in 2021.

Despite opposition criticism calling it a "hollow proclamation," the CM emphasized that the declaration was the result of scientific identification, community participation, and welfare convergence.

Key Data & Programme Highlights:

Parameter

Programme Name

Details

Extreme Poverty Eradication Programme

Parameter	Details
Launched	2021 (by LDF Government)
Declared State Poverty-Free	November 2025 (Kerala Piravi Day)
Total Families Identified as Extremely Poor	64,006 families (1,03,099 individuals)
Families Benefited in Phase I	21,263 families received essential documents, ration, health coverage
Major Contributors	Kudumbashree, Gram Sabhas, Ward Committees, MGNREGS, LIFE Mission
Livelihood Support	Provided to 4,394 families
Houses Constructed (LIFE Mission)	4,677 families
Special Assistance (Education & Travel)	5,583 children covered
Single-member Families Shifted to Safe Shelters	28 families

Implementation Process:

- **Data-driven Identification:**
Conducted by **local bodies, Kudumbashree workers, and volunteers** using socio-economic indicators like **income, health, housing, and food security**.
Lists were verified at **ward committees, gram sabhas**, and through **multiple cross-checks** to ensure accuracy.
- **Household-level Micro Plans:**
Tailored action plans were created for each extremely poor family — addressing housing, health, income, and education gaps.
- **Health and Food Security:**
 - Free food supply ensured through *Kudumbashree*.
 - Access to **healthcare, vaccination, palliative care, and organ transplants** was institutionalized.
- **Convergence Approach:**
Integrated welfare through schemes such as:
 - **LIFE Mission** (housing for homeless)
 - **MGNREGS** (livelihood and employment support)
 - **Education Scholarships and Free Transport**
 - **Public Distribution System (PDS)**

Key Outcomes:

Domain	Achievements
Housing	4,677 houses constructed; 2,713 provided land and houses.
Employment	35,041 families integrated under MGNREGS for sustainable livelihood.
Health	100% access to vaccination, palliative, and organ care ensured.
Education	5,583 children received scholarships; special travel allowances provided.
Social Security	28 single-member vulnerable families relocated to safe shelters.

Chief Minister's Statement:

"We only make promises we can fulfil, and we have fulfilled what we promised. This proud achievement belongs to the people of Kerala. We are witnessing a historic moment."
He added that the process was rooted in **grassroots participation**, ensuring that no family was left behind due to bureaucratic gaps.

Role of Key Stakeholders:

Stakeholder	Role
Kudumbashree (Women's SHG Network)	Identification, food distribution, documentation support.
Local Self-Governments	Data verification and micro-plan implementation.
Ward Committees	Recommendation and on-ground validation.
Gram Sabhas	Democratic vetting of beneficiary lists.
Health & Education Departments	Delivery of essential services.

Connection with National and Global Goals:

- **Alignment with UN SDGs:**
The programme directly contributes to:
 - **SDG 1:** No Poverty
 - **SDG 2:** Zero Hunger
 - **SDG 3:** Good Health and Well-being
 - **SDG 4:** Quality Education
 - **SDG 10:** Reduced Inequalities
- **Model for Other States:**
The CM called Kerala's achievement a "**laboratory of welfare experiments**," hoping it would become a **replicable model** for poverty alleviation across India.

Political Context:

- The **Opposition (UDF)** walked out of the Assembly, questioning the **timing of the declaration** before local body elections.
- However, the CM clarified that the **programme was initiated in 2021**, and this declaration marks **completion of the 4-year target**.

Hindi Summary (हिंदी सारांश):

केरल के मुख्यमंत्री **पिनाराई विजयन** ने घोषणा की कि राज्य अब "**चरम गरीबी (Extreme Poverty)**" से मुक्त हो गया है।

यह घोषणा **केरल स्थापना दिवस (केरल पिरवी)** के अवसर पर की गई।

- यह उपलब्धि **Extreme Poverty Eradication Programme (2021)** के चार सालों की प्रक्रिया के बाद हासिल हुई।
- **1.03 लाख व्यक्ति (64,006 परिवार)** अत्यंत गरीब के रूप में चिह्नित किए गए थे।
- इन परिवारों को **आवास, रोजगार, स्वास्थ्य, शिक्षा और खाद्य सुरक्षा** सुनिश्चित की गई।
- कार्यक्रम के अंतर्गत **LIFE मिशन, MGNREGS, और कुटुम्बाश्री** जैसी योजनाओं को जोड़ा गया।
- मुख्यमंत्री ने कहा कि यह "**केरल के लोगों का सामूहिक प्रयास है**" और यह राज्य अब **संयुक्त राष्ट्र के सतत विकास लक्ष्यों (SDGs)** की दिशा में अग्रणी उदाहरण है।

UPSC Mains Practice Question:

"Kerala's declaration as the first State free from extreme poverty highlights the effectiveness of decentralized governance and welfare convergence. Discuss the replicability of this model for other Indian States."

(250 words – GS Paper 2)

Pillai wins Kerala's highest literary prize

The Hindu Bureau

THIRUVANANTHAPURAM

Renowned poet K.G. Sankara Pillai has won the Ezhuthachhan Puraskaram for the year 2025. Kerala's Minister for Culture Saji Cherian made the announcement here on Saturday.

The prize honours eminent literary figures who have made outstanding contributions to the growth of Malayalam language and literature.

The jury headed by writer and last year's winner N.S. Madhavan described Prof. Pillai as an eminently gifted poet who enriched Malayalam literature.

Writer K.R. Meera and K.M. Anil were the other



K. G. Sankara Pillai

members of the jury.

Prof. Pillai's poetry represents the exhilarating pace of modern Malayalam poetry and its distinct sensibility. Poetic excellence is the hallmark of his works even when they react strongly to contemporary issues, the panel observed.

English Summary:

Renowned Malayalam poet **K.G. Sankara Pillai** has been selected for the **Ezhuthachan Puraskaram 2025**, Kerala's **highest literary honour**, awarded by the **Kerala Sahitya Akademi** under the Department of Culture.

The announcement was made by **Kerala's Minister for Culture, Saji Cherian**, in Thiruvananthapuram. The award recognises **outstanding contributions to Malayalam language and literature** and honours authors who have enriched the cultural and intellectual heritage of Kerala through their work.

About the Award:

Feature

Name of the Award

Details

Ezhuthachan Puraskaram

Feature	Details
Year Established	1993
Instituted by	Kerala Sahitya Akademi, under Department of Culture, Government of Kerala
Named After	<i>Thunchaththu Ezhuthachan</i> — Father of Malayalam language
Award Includes	Cash prize (₹5 lakh) and citation
Purpose	To honour literary figures who have made lifelong contributions to Malayalam literature

About K.G. Sankara Pillai:

Attribute	Details
Full Name	K.G. Sankara Pillai
Profession	Poet, academician, playwright
Language	Malayalam
Literary Style	Modernist, experimental, socially engaged
Major Themes	Humanism, socio-political realities, and philosophical reflections
Contribution	Revitalized modern Malayalam poetry with new diction, form, and intellectual depth

Jury and Citation Highlights:

- Jury chaired by **writer N.S. Madhavan** (last year's Ezhuthachan awardee).
- Other members included **K.R. Meera** and **K.M. Anil**.
- The panel described Prof. Pillai as *"an eminently gifted poet who enriched Malayalam literature."*
- The citation highlighted that his works reflect **poetic excellence, modern sensibility, and engagement with contemporary issues**.

About Ezhuthachan (the Award's Namesake):

- **Thunchaththu Ezhuthachan (16th century)** is revered as the *Father of Malayalam language*.
- Known for *Adhyatma Ramayanam* and *Mahabharatam in Malayalam*.
- His works shaped the modern Malayalam script and literary tradition.

Literary and Cultural Significance:

- The award not only honours literary excellence but also recognizes **Malayalam's modern evolution and linguistic richness**.
- By celebrating K.G. Sankara Pillai, the award underscores Kerala's commitment to **preserving language diversity and creative expression**.

Hindi Summary (हिंदी सारांश):

प्रसिद्ध कवि **के. जी. शंकर पिल्लई** को वर्ष 2025 के लिए **"एझुथाचन पुरस्कार"** से सम्मानित किया गया है, जो **केरल का सर्वोच्च साहित्यिक सम्मान** है।

- यह पुरस्कार **मलयालम भाषा और साहित्य के विकास में असाधारण योगदान** देने वाले साहित्यकारों को दिया जाता है।
- इसकी घोषणा **संस्कृति मंत्री साजी चेरियन** ने की।
- **जूरी प्रमुख एन.एस. माधवन** ने पिल्लई को *"अत्यंत प्रतिभाशाली कवि"* बताया जिन्होंने मलयालम साहित्य को समृद्ध किया।
- पिल्लई की कविताएँ **आधुनिक मलयालम काव्य की संवेदनशीलता और समकालीन सामाजिक मुद्दों** को गहराई से व्यक्त करती हैं।

UPSC Mains Practice Question:

"Regional language awards like the Ezhuthachan Puraskaram play a crucial role in preserving India's

*linguistic diversity and cultural identity. Discuss.”
(150 words – GS Paper 1)*

INBRIEF



Lucknow declared UNESCO 'Creative City of Gastronomy'

Lucknow has officially been declared a UNESCO 'Creative City of Gastronomy' during the 43rd Session of the UNESCO General Conference, currently under way in Uzbekistan. The recognition celebrates the city's centuries-old Awadhi cuisine, living food traditions and inclusive cultural heritage. The government said it marks a milestone for the State, positioning it among the world's top gastronomic destinations and showing how food heritage can become a symbol of cultural diplomacy and sustainable tourism. Prime Minister Narendra Modi urged people from around the world to visit the city.

English Summary:

At the **43rd Session of the UNESCO General Conference** (held in **Uzbekistan**), **Lucknow** was officially declared a **UNESCO Creative City of Gastronomy**.

This recognition celebrates **Lucknow's centuries-old Awadhi cuisine, culinary traditions, and living food heritage**—which combine to form an essential part of India's intangible cultural identity.

The declaration places Lucknow among the world's top gastronomic destinations, highlighting how **food heritage contributes to cultural diplomacy and sustainable tourism**.

About the Recognition:

Parameter	Details
Awarding Body	United Nations Educational, Scientific and Cultural Organization (UNESCO)
Programme	UNESCO Creative Cities Network (UCCN)
Category	City of Gastronomy
Announced At	43rd UNESCO General Conference, Uzbekistan
Year	2025
Indian City Recognized	Lucknow (Uttar Pradesh)

Significance of Lucknow’s Inclusion:

- Highlights **Awadhi Cuisine**, known for its **dum-style cooking, kebabs, biryani**, and **rich royal culinary heritage**.
- Reflects the city’s **inclusive cultural legacy**—a blend of **Mughal, Nawabi, and local traditions**.
- Promotes **culinary tourism** as a tool for **sustainable economic development**.
- Enhances India’s **soft power diplomacy**, projecting cultural richness on a global stage.

UNESCO Creative Cities Network (UCCN):

Feature	Description
Established	2004
Objective	To promote cooperation among cities that have identified creativity as a strategic factor for sustainable urban development.
Creative Fields	Crafts & Folk Art, Design, Film, Gastronomy, Literature, Media Arts, and Music
Indian Cities in UCCN	Jaipur (Crafts & Folk Art), Varanasi (Music), Chennai (Music), Mumbai (Film), Hyderabad (Gastronomy), Srinagar (Crafts & Folk Art), Gwalior (Music), Kozhikode (Literature), and now Lucknow (Gastronomy)

Cultural Context – Awadhi Cuisine:

- Originated during the **Nawabi era** of Awadh (18th–19th century).
- Combines **Persian, Mughal, and Indian culinary styles**.
- Signature dishes: *Galouti Kebab, Tunday Kebab, Nihari, Sheermal, Biryani, and Kakori Kebabs*.
- Known for slow-cooking techniques like **dum pukht** and delicate use of spices.

Broader Importance:

- **Tourism:** Strengthens Lucknow’s global identity as a culinary destination.
- **Economy:** Boosts local entrepreneurship, food festivals, and hospitality industries.
- **Cultural Diplomacy:** Food as a bridge between cultures — promoting India’s image as a diverse yet united civilization.
- **Sustainability:** Encourages eco-friendly culinary practices and preservation of traditional recipes.

Government Response:

- The Government of India hailed the declaration as a “**milestone for Uttar Pradesh**”.
- Prime Minister **Narendra Modi** congratulated the people of Lucknow and invited **global tourists to experience its food heritage**.

Hindi Summary (हिंदी सारांश):

लखनऊ को यूनेस्को (UNESCO) द्वारा ‘क्रिएटिव सिटी ऑफ गैस्ट्रोनॉमी’ (Creative City of Gastronomy) घोषित किया गया है।

यह घोषणा उज़्बेकिस्तान में चल रहे 43वें यूनेस्को महासम्मेलन में की गई।

- यह सम्मान अवधी व्यंजन (Awadhi Cuisine), खाद्य परंपरा और समृद्ध सांस्कृतिक धरोहर की मान्यता है।

- इससे लखनऊ को दुनिया के प्रमुख **खाद्य पर्यटन स्थलों (Gastronomic Destinations)** में स्थान मिला है।
- सरकार ने इसे **भारत की सांस्कृतिक कूटनीति और सतत पर्यटन (Sustainable Tourism)** के लिए एक महत्वपूर्ण कदम बताया।
- प्रधानमंत्री **नरेंद्र मोदी** ने नागरिकों को बधाई दी और लखनऊ को **वैश्विक खाद्य केंद्र** के रूप में प्रोत्साहित किया।

UPSC Mains Practice Question:

"India's inclusion of cities in UNESCO's Creative Cities Network highlights the potential of culture as an engine of sustainable development. Discuss with special reference to Lucknow being declared a 'Creative City of Gastronomy'."

(250 words – GS Paper 1)

Australian mining companies 'prefer India over China'

Aim of visit is to boost trade and investment between Australia's First Nations' people and India's mining and renewable energy markets.

Vinaya Deshpande Pandit
MUMBAI

India is the preferred business destination compared with China as the firms here are more transparent, honest, cost-effective and work in a legal framework similar for both the countries on account of British history, said the representative of a business delegation on mining equipment from Western Australia, a global leader in mining.

Clayton Franklin, founder and chief engineer of EPCA, is a part of Australia's first-ever 'First Nations Business Mission to India'. First nations mean the businesses owned by the aboriginals of the country.

This mission includes the owners of eight Australian mining equipment, technology and services companies (METS) from Western Australia, who are on a week-long visit to Mumbai, New Delhi and Kolkata. The aim is to strengthen trade and investment opportunities between Australia's First Nations people and India's mining and renewable energy markets.

"We can work together with India," Mr. Franklin said. "When we go to China, we see China is getting more expensive. We also see we get somewhat lied



Eyeing India: Indian firms have come from the U.K. system and there is no corruption, says the delegation. SPECIAL ARRANGEMENT

to. They are not completely honest with us. They don't abide by patent laws, IP. When we deal with an Indian firm, we find they have come out from the U.K. system. The laws are very common. There is no language barrier. We converse and get things done. A lot of them run similar to a western company. There is no corruption that I have seen. We can do business very easily," he said.

Zero emission

His firm, which provides solutions for zero-emission in mining equipment conversions worldwide, sees opportunity in retro-fitting India's 100-tonne electric trucks used for mining.

Chris Schmid, MD, Woollahra Group, which makes and distributes cleaning and hygiene pro-

ducts, sees India as an opportunity to reduce not just the logistic and inventory costs by 75%, but also the carbon footprint.

"China has been an institutionalised avenue for imports for western Australia for the last 20 years. But the supply chain is for four months. If we have to import, the investment in terms of stock requirement is four months. So, we are outlaying four months of capital investment for China. India has the capability to provide an alternative so we can cut supply-chain investment from four to one month. We share the Indian Ocean. I am excited about seeing what we can source from India and bring to western Australia, which is the largest resource in mining sector in the world," he said.

English Summary:

A high-level Australian business delegation representing **Western Australia's mining and renewable energy sector** has stated that **India is a more preferred business destination than China**, citing India's **transparent, cost-effective, and legally familiar environment**.

This visit is part of **Australia's first-ever 'First Nations Business Mission to India'**, which aims to boost trade and investment between **Australia's First Nations entrepreneurs** and **India's mining and renewable energy markets**.

Key Highlights:

Parameter	Details
Delegation	First Nations Business Mission from Western Australia
Composition	8 Australian mining equipment, technology & services (METS) companies
Cities Visited	Mumbai, New Delhi, Kolkata
Objective	Strengthen trade and investment cooperation in mining and renewable energy
Lead Representative	Clayton Franklin, Founder & Chief Engineer, EPCA (Energy & Power Conversion Australia)

Why India Over China?

Factor	India's Advantage
Transparency & Legal System	India follows a U.K.-based legal system , ensuring predictability and fairness.
No Corruption Issues	Delegation members stated there is no visible corruption in dealings with Indian firms.
Ease of Business	English-speaking workforce, similar laws, and business culture as Western economies.
Supply Chain Efficiency	India offers shorter supply-chain cycles (1 month vs 4 months for China).
Carbon Footprint Reduction	Trade with India can reduce logistic & carbon costs by 75% .

Focus Areas of Cooperation:

- **Mining Equipment and Technology** – Collaboration on advanced mining machinery and sustainable extraction.
- **Renewable Energy** – Green energy and emission reduction technologies.
- **Zero Emission Mining Trucks** – Australia sees opportunity in retrofitting India's **100-tonne electric trucks**.
- **Trade in METS (Mining Equipment, Technology and Services)** – Western Australia is a global leader in METS exports.

Statements from Delegates:

Clayton Franklin (EPCA):

"When we deal with Indian firms, we find transparency and honesty. India's legal system mirrors the U.K., and business is done with integrity and efficiency. There is no corruption here."

Chris Schmid (Woollahra Group):

"India can become an alternative to China. It has the capacity to cut supply-chain delays and reduce our carbon footprint significantly."

Economic & Strategic Significance:

- **For India:**
 - Attracts **Australian investment in mining modernization** and **green energy transition**.

- Promotes **Make in India** and **Atmanirbhar Bharat** initiatives in heavy industries.
- Strengthens India's image as a **transparent and rule-based business ecosystem**.
- **For Australia:**
 - Reduces dependence on **China's mining and industrial markets**.
 - Diversifies trade through cooperation with **India's renewable energy and resource sectors**.
 - Enhances **Indo-Pacific economic integration** under frameworks like **Quad** and **IPEF**.

Environmental Angle (GS Paper 3):

- Collaboration on **zero-emission mining technologies** aligns with global **Net-Zero 2050** goals.
- Helps India upgrade its mining fleet to **eco-friendly electric models**.
- Supports **sustainable extraction practices** and **green hydrogen development**.

Hindi Summary (हिंदी सारांश):

ऑस्ट्रेलियाई खनन कंपनियों ने कहा कि वे **भारत को चीन की तुलना में बेहतर व्यापारिक गंतव्य** मानती हैं। यह बयान **“फ़र्स्ट नेशंस बिजनेस मिशन टू इंडिया”** के दौरान दिया गया, जिसमें **पश्चिमी ऑस्ट्रेलिया के खनन उपकरण और नवीकरणीय ऊर्जा क्षेत्र** के प्रतिनिधि शामिल थे।

- उन्होंने कहा कि भारत में **व्यापारिक पारदर्शिता, कानून व्यवस्था, और कम भ्रष्टाचार** के कारण व्यापार करना आसान है।
- भारतीय कंपनियाँ **ब्रिटिश कानूनी प्रणाली** पर आधारित हैं, जिससे विदेशी निवेशकों को विश्वास मिलता है।
- चीन की तुलना में भारत के साथ **आपूर्ति श्रृंखला (supply chain)** केवल **1 माह** की होती है, जबकि चीन के साथ **4 माह** की।
- ऑस्ट्रेलियाई कंपनियाँ भारत के साथ **शून्य-उत्सर्जन (Zero Emission) खनन तकनीक** में सहयोग करने की इच्छुक हैं।

UPSC Mains Practice Question:

*“Australia's growing economic partnership with India reflects a strategic shift in the Indo-Pacific away from China-centric dependence. Discuss with reference to mining and renewable energy cooperation.”
(250 words – GS Paper 2)*

'More than 2,000 Tier 1/2 firms working in Indian defence sector'

K.V. Kurmanath
HYDERABAD

Domestic sourcing of defence components and equipment has increased significantly over the last few years, said G. Satheesh Reddy, Member, National Security Advisory Board (Government of India).

"We were producing a bare minimum (of defence components, equipment) 20-25 years ago. Most of the things required by the defence sector were mostly imported. The defence sector used to spend 90% of the capital expenditure



As much as ₹1.75-lakh crore will be spent on capex.

on imports," he said.

He was addressing a session on 'Opportunities in Aerospace and Defence sector' at the Hyderabad

Entrepreneurship Summit, organised by The Indus Entrepreneurs (TiE Hyderabad Chapter) here.

Significant change

"This has changed significantly. The Defence Budget stands at ₹6.81-lakh crore. Of this, ₹1.75-lakh crore was meant for capex out of which ₹1.50-lakh crore was spent in the last financial year. The target given for the next year is ₹1.75-lakh crore. The target for 2029 stands at ₹3-lakh crore.

"From being one of the largest importers, we have now become an exporter.

Last year, our defence exports stood at ₹23,622 crore. The target for the next two years is exports of ₹50,000 crore," he added.

"There are over 2,000 Tier 1 and 2 companies working for the defence industry. There are over 20,000 Tier 1, 2 and 3 companies working in the indigenous defence manufacturing sector," he said.

"Private industries are producing a wide variety of defence products, including missiles," he added.

(The writer is with The Hindu businessline)

English Summary:

India's defence sector has seen a **remarkable transformation in domestic manufacturing and private sector participation**, with **over 2,000 Tier 1 and 2 companies** and nearly **20,000 Tier 1, 2, and 3 firms** now working in indigenous defence production.

According to **Dr. G. Satheesh Reddy**, Member of the **National Security Advisory Board (NSAB)**, this surge marks a decisive shift from India's past dependence on imports. Just **20-25 years ago**, almost 90% of defence components were imported, whereas today, **India is exporting defence products worth ₹23,622 crore (FY 2023-24)**, with a **target of ₹50,000 crore in the next two years**.

Key Highlights:

Aspect	Details
Source	K.V. Kurmanath, <i>The Hindu Business Line</i>
Event	Session on "Opportunities in Aerospace and Defence Sector" at TiE Hyderabad Summit
Speaker	Dr. G. Satheesh Reddy, Member, NSAB
Theme	Boosting indigenous production & private participation in India's defence industry

Defence Indigenisation Progress:

- In the late 1990s and early 2000s, India **imported almost all defence components**.
- The current **Defence Budget is ₹6.81 lakh crore** (FY 2024-25), out of which **₹1.75 lakh crore** is earmarked for **capital expenditure (capex)**.
- Capex allocation aims at promoting **domestic manufacturing**, R&D, and **technology upgrades** under *Aatmanirbhar Bharat*.
- The target for FY 2029 is **₹3 lakh crore in defence capex**.

Export Growth and Targets:

Year	Defence Exports (₹ crore)	Target (₹ crore)
2023-24	23,622	—

Year	Defence Exports (₹ crore)	Target (₹ crore)
2025-26 (Target)	—	50,000

India has become an **exporter of defence equipment**, reversing its historical status as one of the largest importers.

Products exported include **missiles, drones, radar systems, armoured vehicles, and aircraft components**.

Private Sector Participation:

- **Over 2,000 Tier 1 & Tier 2 firms** supply directly to major defence manufacturers and public sector undertakings (PSUs).
- **20,000+ Tier 1, 2, and 3 firms** are part of the defence MSME ecosystem.
- Private industries are increasingly producing **strategic and high-precision defence products**, such as **missiles and sensors**.

Major Policy Initiatives Driving Growth:

1. **Defence Acquisition Procedure (DAP) 2020** – emphasizes “Make in India” and promotes local vendors.
2. **Defence Production & Export Promotion Policy (DPEPP) 2020** – targets ₹35,000 crore in exports by 2025.
3. **Positive Indigenisation Lists** – over 500+ items banned from import.
4. **Innovation for Defence Excellence (iDEX)** – promotes start-up and MSME innovation in defence tech.
5. **Defence Corridors** – established in **Uttar Pradesh** and **Tamil Nadu** to promote industrial clusters.

Strategic Significance:

- **Reduces import dependency** and saves foreign exchange.
- **Strengthens national security** by ensuring self-reliance in key defence systems.
- **Generates employment** across MSMEs and advanced manufacturing sectors.
- Enhances **India’s strategic autonomy** in global defence partnerships.

Economic Impact:

- Defence manufacturing contributes significantly to India’s **GDP** and **export diversification**.
- Growing synergy between **public and private defence enterprises**.
- Increasing participation of **start-ups** and **innovation clusters** in AI, robotics, and drone technologies.

Hindi Summary (हिंदी सारांश):

भारत के रक्षा क्षेत्र में पिछले कुछ वर्षों में **घरेलू निर्माण और निजी कंपनियों की भागीदारी** में जबरदस्त वृद्धि हुई है। राष्ट्रीय सुरक्षा सलाहकार बोर्ड (NSAB) के सदस्य **जी. सतीश रेड्डी** ने बताया कि:

- अब **2,000 से अधिक टियर-1 और टियर-2 कंपनियाँ** रक्षा उद्योग में सक्रिय हैं।
 - कुल मिलाकर **20,000 से अधिक कंपनियाँ** रक्षा निर्माण पारिस्थितिकी तंत्र का हिस्सा हैं।
 - भारत की **रक्षा निर्यात राशि ₹23,622 करोड़ (2023-24)** रही, और सरकार ने अगले दो वर्षों में इसे **₹50,000 करोड़ तक पहुँचाने का लक्ष्य** रखा है।
 - पहले भारत 90% रक्षा उपकरण आयात करता था, अब **स्वदेशी उत्पादन और निर्यात** में तेजी आई है।
- सरकार की पहलें जैसे **डिफेंस एक्विज़िशन प्रोसीजर 2020**, **इंडिजेनाइजेशन लिस्ट**, और **डिफेंस कॉरिडोर (UP & TN)** ने इस परिवर्तन को गति दी है।

UPSC Mains Practice Question:

“India’s defence manufacturing sector is witnessing a structural shift from import dependence to export-driven growth. Analyse the role of private industries and policy reforms in achieving defence self-reliance.”
(250 words – GS Paper 3)

UNSC gives nod to Morocco plan for Western Sahara autonomy

Agence France-Presse

UNITED NATIONS

The UN Security Council voted on Friday in favor of a resolution backing Morocco's autonomy plan for Western Sahara as the "most feasible" solution for the disputed territory, triggering celebrations in Rabat but angering Algeria.

Western Sahara is a vast mineral-rich former Spanish colony that is largely controlled by Morocco but has been claimed for decades by the pro-independence Polisario Front, which is supported by Algeria. The Security Council had previously urged Morocco, the Polisario Front,

The resolution was adopted by an 11-0 vote; Algeria refused to participate

Algeria and Mauritania to resume talks to reach a broad agreement.

But, at the initiative of U.S. President Donald Trump's administration, the council shifted to support a plan in which Western Sahara would enjoy autonomy under Morocco's sole sovereignty.

The resolution, adopted by an 11-0 vote with three abstentions and Algeria refusing to participate, said autonomy for Western Sah-

ara under Moroccan sovereignty may be the basis for future negotiations to resolve the 50-year-old conflict. "Genuine autonomy under Moroccan sovereignty could constitute a most feasible solution," the UNSC resolution said.

Morocco's King Mohammed VI lauded the vote as "historic".

It "fell short of the expectations and legitimate aspirations of the people of Western Sahara, represented by the Polisario Front (who) have been resisting for over 50 years to have, as the sole party, a say in their own destiny," Algerian Ambassador Amar Bendjama said.

English Summary:

The **United Nations Security Council (UNSC)** has adopted a **resolution supporting Morocco's autonomy plan for Western Sahara**, describing it as the "**most feasible**" solution to end the decades-long territorial dispute.

The resolution was passed **with 11 votes in favour**, while **Algeria abstained and refused to participate**, reflecting regional divisions.

Western Sahara — a **mineral-rich territory** and a former **Spanish colony** — has been claimed both by **Morocco** and the **Polisario Front**, a pro-independence movement backed by Algeria.

Key Highlights:

Parameter	Details
Resolution Passed By	United Nations Security Council
Voting Outcome	11 in favour, 0 against, 3 abstentions (Algeria did not participate)
Supported By	United States, France, United Kingdom
Opposed/Abstained	Algeria and its allies
Proposal Supported	Morocco's Autonomy Plan for Western Sahara

Parameter	Details
Nature of Proposal	Western Sahara to enjoy <i>autonomy under Moroccan sovereignty</i>

Background: The Western Sahara Dispute

- **Region:** A vast, mineral-rich desert territory on Africa's northwest coast, bordered by **Morocco, Algeria, and Mauritania**.
- **Colonial Legacy:** Western Sahara was a **Spanish colony until 1975**.
- After Spain's withdrawal, both **Morocco and Mauritania** laid claim to the area.
- The **Polisario Front**, supported by **Algeria**, declared the **Sahrawi Arab Democratic Republic (SADR)**, seeking full independence.
- Morocco controls about **80% of the territory**, while the rest is held by the Polisario Front.

Morocco's Autonomy Plan (2007 Proposal):

- Proposes **limited self-governance** for Western Sahara under **Moroccan sovereignty**.
- Allows local administration but keeps national defence, foreign affairs, and monetary policy under Morocco.
- Supported by **the U.S. and France** as a "realistic and pragmatic solution."
- Rejected by the Polisario Front and Algeria, who demand a **referendum for self-determination**.

Recent UNSC Resolution (2025 Context):

- Endorses the **Moroccan Autonomy Plan** as the "*most feasible political solution*."
- Encourages Morocco, Algeria, and Mauritania to **resume direct talks**.
- Calls for "**genuine autonomy under Moroccan sovereignty**" as a basis for resolving the 50-year-old conflict.
- Seen as a diplomatic victory for **Morocco** and **King Mohammed VI**, who termed the vote "historic."

Reactions:

- **Morocco:** Celebrated the resolution as a validation of its sovereignty and stability in the region.
- **Algeria & Polisario Front:** Condemned the move as biased, claiming it ignores the **right to self-determination** of Sahrawi people.
- **UN View:** Sees autonomy under Moroccan control as a *starting point* for negotiations to ensure peace and humanitarian relief.

Strategic & Geopolitical Importance:

- **Mineral Wealth:** Western Sahara holds rich reserves of **phosphate** and a long **Atlantic coastline**, crucial for fishing and potential oil exploration.
- **Regional Rivalry:** The dispute reflects **Morocco–Algeria tensions**, shaping North African geopolitics.
- **International Implications:**
 - **U.S.** recognized Morocco's sovereignty (2020, under Trump administration).
 - **France and Spain** support Morocco; **Russia and South Africa** favour Algeria's stance.
- **UN Role:** Peacekeeping mission **MINURSO (Mission for the Referendum in Western Sahara)** operates since 1991.

Impact Analysis (UPSC Perspective):

Aspect	Impact
Regional Stability	Potential to ease tensions between Morocco and Algeria if autonomy is implemented.
UN Credibility	Revives UNSC's role in frozen conflicts through compromise-based diplomacy.
Economic Angle	Could unlock investments in resource extraction and infrastructure in Western Sahara.
India's Interest	India maintains neutrality but supports territorial integrity and UN-led

Aspect

Impact dialogue.

Hindi Summary (हिंदी सारांश):

संयुक्त राष्ट्र सुरक्षा परिषद (UNSC) ने **पश्चिमी सहारा (Western Sahara)** के लिए **मोरक्को की स्वायत्तता योजना (Autonomy Plan)** को मंजूरी दी है।

यह प्रस्ताव 11-0 वोट से पारित हुआ, जबकि **अल्जीरिया ने भाग लेने से इनकार कर दिया।**

मुख्य बिंदु:

- पश्चिमी सहारा एक **खनिज-संपन्न क्षेत्र** है जो पहले **स्पेन का उपनिवेश** था।
- **मोरक्को** इस क्षेत्र को अपना हिस्सा मानता है, जबकि **पोलिसारियो फ्रंट** (अल्जीरिया समर्थित) **स्वतंत्रता की मांग** करता है।
- UNSC ने कहा कि *“मोरक्को की संप्रभुता के अंतर्गत वास्तविक स्वायत्तता ही सबसे व्यावहारिक समाधान हो सकता है।”*
- मोरक्को के राजा **मोहम्मद VI** ने इस वोट को “ऐतिहासिक” बताया।
- वहीं, अल्जीरिया ने कहा कि यह प्रस्ताव सहारा के लोगों की **आत्मनिर्णय की मांग की अनदेखी** करता है।

UPSC Mains Practice Question:

“The Western Sahara dispute highlights the complexities of post-colonial boundaries and competing nationalisms in Africa. Examine the role of the UN and great powers in the conflict.”

(250 words – GS Paper 2)